

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the
Commission's Own Motion into the
Operations and Practices of Pacific Gas and
Electric Company with Respect to Facilities
Records for its Natural Gas Transmission
System Pipelines.

I.11-02-016
(Filed February 24, 2011)

**PACIFIC GAS AND ELECTRIC COMPANY'S
INITIAL RESPONSE
(PUBLIC VERSION)**

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April 18, 2011

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Pursuant to Ordering Paragraphs 1(b), 2(a) and 3 of the March 24, 2011 Assigned Commissioner and Administrative Law Judge's Ruling Extending Deadlines for Production of Documents and Setting Prehearing Conference (AC/ALJ Ruling), Pacific Gas and Electric Company (PG&E) provides, as its Initial Response, (a) its responses to the directives in paragraphs 1, 5 and 6 of the Order Instituting Investigation (OII); (b) copies of PG&E's current record retention policies for the various categories of documents being requested; and (c) a schedule for PG&E's rolling production of documents in this proceeding, including a list of dates when documents will be provided and the order in which the documents will be prioritized. In addition, as requested at the prehearing conference (PHC), PG&E provides a brief history of state and federal pipeline safety regulation. The five chapters are attached at Appendix A to this Initial Response. A public version of a CD-ROM containing copies of the non-confidential supporting documents is attached at Appendix B. As detailed in the accompanying Motion for Leave to File Confidential Information Under Seal, the documents supporting Chapter 2 concerning PG&E's record retention policies are confidential because many of these documents contain employee names. A confidential version of a CD-ROM containing copies of all supporting documents, including those supporting Chapter 2, is being filed under seal along with the Motion for Leave to File Confidential Information Under Seal. Additionally, the attachments

to the five chapters supporting PG&E's Initial Response greatly exceed 50 pages. Accordingly, pursuant to Rule 1.9(c) of the Commission's Rules of Practice and Procedure, PG&E is serving a Notice of Availability on all parties contemporaneously with this filing in lieu of those attachments. As detailed in the Notice of Availability, subject to the completion of a Nondisclosure Agreement, parties can view the attachments to PG&E's Initial Response electronically on the internet at a designated website, including the documents supporting Chapter 2.¹

I. INTRODUCTION

PG&E's Initial Response primarily consists of five chapters and supporting documents addressing the Commission's directives in paragraphs 1, 5 and 6 of the OII. As the Commission reviews these chapters, as well as PG&E's further response,² PG&E wishes to highlight several overarching considerations the Commission should have in mind.

First, the OII's recordkeeping directives seek explanations and documents relating to pipeline record maintenance procedures and practices that span more than 55 years. The Commission should evaluate PG&E's recordkeeping in the context of the recordkeeping and document retention rules the Commission and federal pipeline safety regulators adopted from time to time over that period.

Second, as the American Gas Association recently observed, "[t]he natural gas industry is no different from other industries that face a challenge in maintaining its records of assets that are over 40 years old."³ In this respect, recordkeeping issues extend well beyond PG&E. Indeed, the Chairman of the National Transportation Safety Board recently observed that we

¹ Upon request, PG&E will make available copies of the documents supporting its Initial Response, including redacted copies of the documents supporting Chapter 2, to all interested parties, including non-parties to this proceeding.

² The June 18, 2011, due date set by the AC/ALJ Ruling falls on a Saturday. Consequently, PG&E will file its further response on June 20, 2011.

³ American Gas Association, *AGA White Paper on Verification of MAOPs for Existing Steel Transmission Pipelines*, p. 2 (April 2011).

must create a culture of safety, “making sure that aging infrastructure is not exempted from safety requirements, and keeping records not just for your successor, but for your successor’s successor.”⁴

In keeping with Chairman Hersman’s observation, PG&E supports efforts to develop new recordkeeping requirements that will raise the public safety bar for the industry. This effort has already begun with the NTSB’s safety recommendations, PHMSA’s follow-on guidance, the Commission’s parallel Rulemaking proceeding, and the Commission’s directives to PG&E and other California gas utilities to search for records validating maximum allowable operating pressure. PG&E recognizes that better, smarter recordkeeping regulations need to be developed – and that it and the industry need to adopt better records management processes. In fact, PG&E has recommended that R.11-02-019 consider the adoption of uniform recordkeeping and retrieval standards for California’s gas utilities.

II. SUMMARY OF INITIAL RESPONSE

PG&E’s Initial Response consists of five chapters and supporting documentation, outlined briefly below, as well as a schedule for the rolling production of documents responsive to the directives in the OII.

A. Chapter 1 – Regulatory History

Understanding the evolution of recordkeeping regulations over the more than 55 years covered by the OII, both at a state and federal level, is essential to assessing PG&E’s compliance with those rules. This is a particularly important foundation given that many relevant recordkeeping regulations were meant to apply flexibly and prospectively, in a sense making each regulatory era unique in its requirements. As requested at the PHC, Chapter 1 reviews the history of state and federal gas transmission pipeline regulations relating to recordkeeping, record retention and record disposal over this 55 year period.

⁴ Keynote Remarks of Chairman Deborah A.P. Hersman, before the Transportation Research Board, January 25, 2011.

B. Chapter 2 – Current Document Retention Policies

As part of its Initial Response and as described above, PG&E has included copies of its current record retention policies for the categories of documents identified in Paragraph 2 of the OII.

C. Chapter 3 – Discussion of NTSB’s Factual Contentions and Conclusions

Chapter 3 responds to the Commission’s directive (Paragraph 1) to file a report listing “each factual contention stated, and conclusion reached, by the NTSB reports that PG&E contends is incorrect, and provide support for PG&E’s position.”⁵ As stated in its March 15, 2011, PHC Statement, PG&E understands this directive to call for PG&E to respond to the NTSB “findings” with respect to PG&E’s gas pipeline records.

The NTSB’s continuing investigation into the causes of the San Bruno accident and the safety recommendations it has made to date have contributed substantially to the ongoing efforts to improve pipeline safety, both in California and nationally. PG&E has been and continues to be supportive of the NTSB’s work and regards the NTSB’s work as an essential element of our collective response to the San Bruno accident.

D. Chapter 4 – Relationship of the Segment 180 Record Discrepancy to the San Bruno Pipeline Rupture

Chapter 4 responds to the following directive (Paragraph 5): “Does PG&E contend that the September 9, 2010 San Bruno pipeline rupture was unpreventable by the exercise of prudent utility safety care?”⁶ As stated in its PHC Statement, PG&E understands this directive to call for PG&E to answer whether the September 9, 2010, San Bruno pipeline rupture was unpreventable in the absence of the record discrepancy identified by the NTSB.

The NTSB’s investigation into the cause of the tragic San Bruno accident is ongoing. To date the NTSB’s findings with respect to PG&E’s records and the cause of the accident are quite limited. PG&E cannot comment on the NTSB’s ongoing investigation. With respect to the

⁵ OII at 17, Paragraph One.

⁶ OII at 19, Paragraph Five.

incorrect “seamless” designation of Segment 180 in PG&E’s Geographical Information System (GIS), as discussed in Chapter 4, the absence of this record discrepancy would not have impacted PG&E’s integrity management treatment of Segment 180 or Line 132, and thus would not have led to the discovery of the longitudinal seam defect identified by the NTSB.

E. Chapter 5 – Discussion of How the Seam Versus Seamless Mistake Occurred

Chapter 5 responds to the Commission’s directive (Paragraph 6) to provide documents and information about PG&E’s communication of the incorrect “seamless” information regarding Segment 180 to the NTSB, the recognition of the error, and how the mistaken designation came to be contained in GIS.

F. Schedule for Rolling Production

PG&E is continuing to gather documents, including available historic documents, responsive to the directives in paragraphs 2, 3, 4, and 7 of the OII. During a conference call with interested parties on April 1, 2011, counsel for the Commission’s Legal Division identified Paragraph 2 as the Legal Division’s highest priority category of documents. Counsel for the City and County of San Francisco (CCSF) identified Paragraph 7 as CCSF’s highest priority category of documents. No other party stated any other priorities. Accordingly, PG&E will produce additional documents on a rolling basis on May 6th, May 20th, and June 3rd, with priority given first to documents responsive to Paragraph 2, second to documents responsive to Paragraph 7, and third to documents responsive to Paragraphs 3 and 4.

III. CONCLUSION

Our Nation’s gas pipeline infrastructure is aging. More than sixty percent of the Nation’s gas transmission pipelines were installed before federal regulations took effect in 1970.⁷ At the time of their construction and initial operation, many of these older lines were exempt from certain state and federal safety regulations, including those regarding construction, installation,

⁷ American Gas Association, *AGA White Paper on Verification of MAOPs for Existing Steel Transmission Pipelines*, p. 1 (April 2011).

design, initial inspection and initial testing and related recordkeeping requirements. Pipelines that were installed in 1955 and “grandfathered” in 1970 were 15 years old at the time. Those same pipelines are now 55 years old, and although they appear to be operating reliably today, we recognize that their ability to continue transporting natural gas safely must be reevaluated and validated. As we have previously stated, PG&E supports a thoughtful review and enhancement of existing safety standards, including phasing out the use of historic operating pressure to establish the safe MAOP of our pipelines.

Respectfully submitted,

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Date: April 18, 2011

**APPENDIX A TO PACIFIC GAS
AND ELECTRIC COMPANY'S
INITIAL RESPONSE (PUBLIC
VERSION)**

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 1
CALIFORNIA AND FEDERAL PIPELINE SAFETY
REGULATORY HISTORY

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 1
CALIFORNIA AND FEDERAL PIPELINE SAFETY REGULATORY HISTORY

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1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **CHAPTER 1**
3 **CALIFORNIA AND FEDERAL PIPELINE SAFETY REGULATORY**
4 **HISTORY**

5 **A. Introduction**

6 The Commission seeks to ascertain whether “PG&E’s gas safety
7 recordkeeping has been conducted in a manner that violates the general
8 provisions of Section 451 or of any other applicable law.” OII at 11. “Gas safety
9 recordkeeping” means “PG&E’s acquisition, maintenance, organization,
10 safekeeping and efficient retrieval of data that the Commission finds is
11 necessary and appropriate under the circumstances for PG&E to make good
12 and safe gas engineering decisions, and thus to promote safety as required by
13 Section 451 of the Public Utilities Code.” *Id.* The OII’s recordkeeping directives
14 (Paragraphs 2.A-E & 7) seek explanations and documents relating to
15 transmission pipeline record maintenance procedures and practices that span
16 more than 55 years from 1955 to 2010. *Id.* at 17-19.

17 As requested by the ALJ, this chapter reviews federal and state gas
18 transmission pipeline safety regulations. Section B provides a broad overview of
19 the development of pipeline safety laws. Section C discusses the development
20 of laws and regulations that partially exempted preexisting pipeline facilities from
21 certain pipeline safety regulations. Sections D and E discuss state and federal
22 recordkeeping rules, focusing on changes over time. Section F describes the
23 history of different regulations and resolution providing for the preservation and
24 subsequent disposal of gas records.

25 To summarize, the Commission did not regulate pipeline safety until 1961,
26 and federal authorities did not do so until 1970. When imposing safety rules,
27 both the Commission and Congress exempted existing pipeline facilities insofar
28 as their design, construction and initial testing were concerned. The policy
29 decision meant that safety regulations and their related recordkeeping
30 requirements had only limited application to existing facilities.

1 The Commission’s recordkeeping requirements have evolved, becoming, if
2 anything, less prescriptive over time. In its early history of regulating pipeline
3 safety, the Commission adopted and incorporated by reference in the original
4 General Order (GO) 112 several specific recordkeeping requirements. Over
5 time, those requirements dropped out such that the current GO 112 (GO 112-E)
6 addresses recordkeeping in a single, general recordkeeping provision. When
7 the Commission has prescribed or adopted recordkeeping rules, it has often
8 qualified those rules in resolutions authorizing the disposal of records after
9 prescribed periods of time. Thus, for example, in 1963, a Commission resolution
10 explicitly authorized the disposal of certain gas transmission pipeline records
11 consistent with then-existing Federal Power Commission regulations. Similarly,
12 in 1976, the Commission issued a resolution directly authorizing the disposal of
13 certain GO 112 pipeline safety records after the expiration of prescribed
14 retention periods.

15 Prior to the San Bruno tragedy, federal recordkeeping rules (and guidance
16 statements around them) were even less prescriptive than state rules.
17 Congress, as well as federal regulators and industry experts, had long
18 recognized that historic pipeline safety records may no longer exist or, if they
19 existed, may be incomplete. They adopted rules and provided guidance to
20 accommodate record gaps common to older pipelines. Their guidance on
21 recordkeeping was couched in flexible rather than prescriptive language.
22 Presented with the opportunity to adopt general standards regarding the
23 sufficiency of recordkeeping procedures, federal regulators declined. During the
24 time frame covered by the OII, there was no one comprehensive or uniform
25 federal recordkeeping standard, but several subparts contained recordkeeping
26 requirements specific to those sections (e.g., 49 C.F.R. Part 192, Subpart I,
27 Corrosion control records at §192.491).

28 **B. Broad Overview of the Development of Gas Pipeline Safety** 29 **Regulations and Codes**

30 The chart below provides an overview of the development of gas pipeline
31 safety regulations and codes. These developments are described generally in
32 the narrative part of this section that follows the chart. The discussion traces the

- 1 initial imposition and incremental tightening and refinement of gas safety rules
- 2 over time.

FIGURE 1-1
PACIFIC GAS AND ELECTRIC COMPANY
DEVELOPMENT OF GAS PIPELINE SAFETY REGULATIONS AND CODES

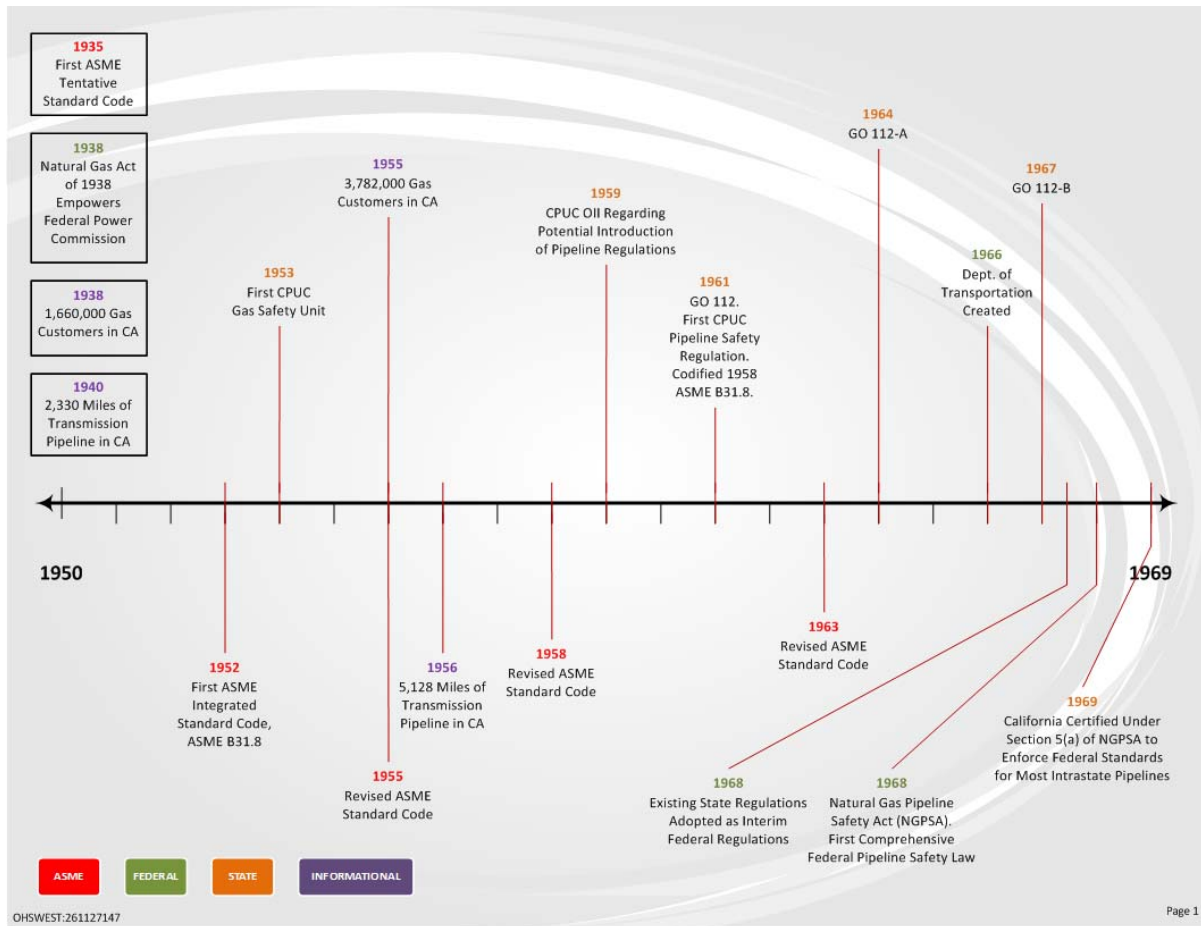
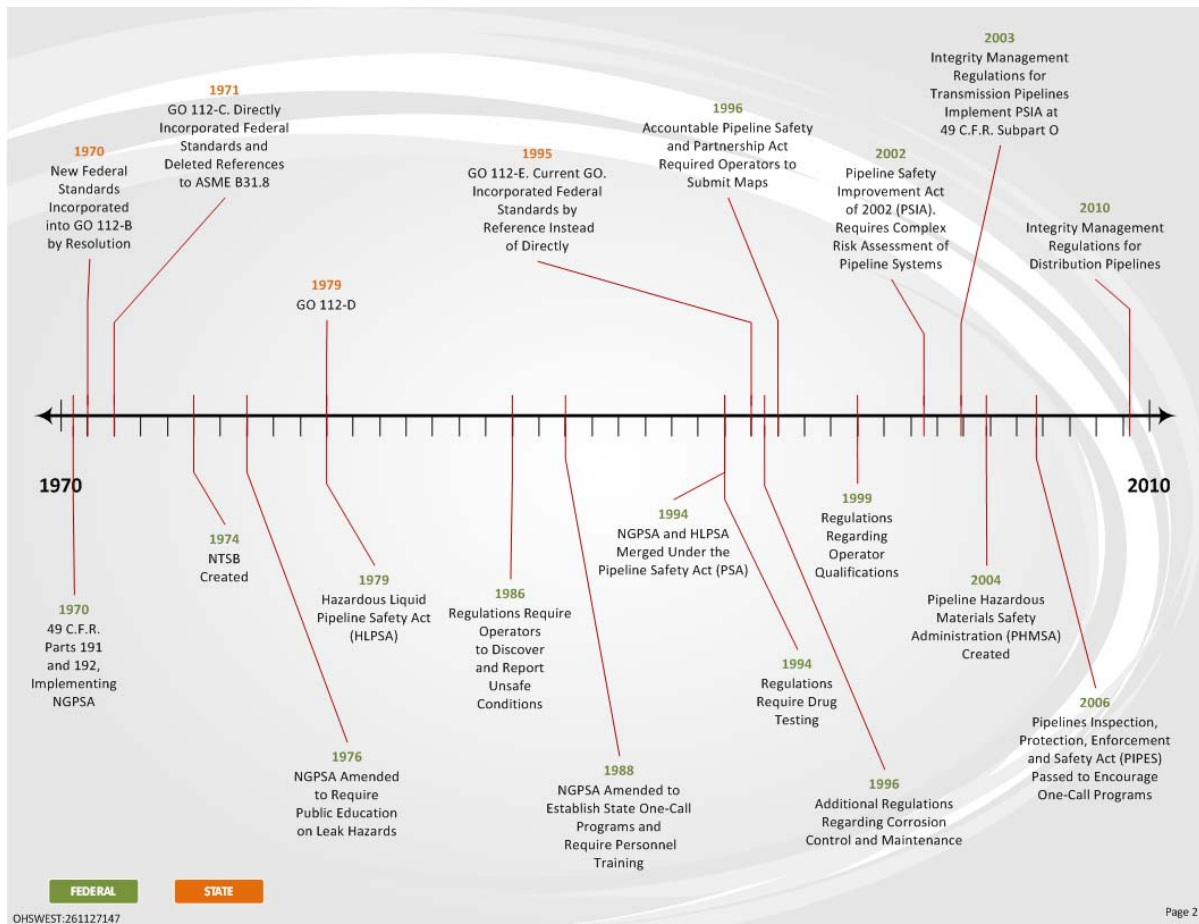


FIGURE 1-2
PACIFIC GAS AND ELECTRIC COMPANY
DEVELOPMENT OF GAS PIPELINE SAFETY REGULATIONS AND CODES



1. 1961-1970: California Regulates Natural Gas Pipelines, Relying on Industry Standards for Guidance

A significant portion of California's natural gas pipeline network was installed before the time period encompassed by the OII's Directives. In the words of a 1955 Commission report, industry growth in California between 1938 and 1955 was "phenomenal." California Public Utilities Commission, Utilities Division, *Report on the Operations of Gas Utilities, 1938-53*, p.2 (1955) ("CPUC 1955 Report") (Attachment #1, Regulatory History Chapter ("RH-1")). In 1938, there were 1,660,000 gas customers in California. *Id.* By 1955, there were 3,782,000, representing an increase of 128 percent in

1 17 years. *Id.* The increase in gas transmission pipeline mileage was
2 equally dramatic. In 1940, the four major utilities in California owned and
3 operated a combined 2,330 miles of transmission lines. *Id.* As of January 1,
4 1956, those same companies operated 5,128 miles, an increase of 120
5 percent. *Id.* During this same era, many smaller utilities in California
6 merged with larger ones, adding more growth to larger utilities such as
7 PG&E. Thus, for example, in 1938, the Commission authorized the merger
8 of the San Joaquin Light and Power Corporation with PG&E. *Id.* at 19. In
9 1954, the Commission authorized PG&E to acquire by merger with Pacific
10 Public Service Company the stock of Coast Counties Gas and Electric
11 Company. *Id.*

12 Prior to the promulgation of rules by regulatory agencies, pipelines were
13 generally constructed in voluntary accordance with nascent industry
14 standards. The American Society of Mechanical Engineers (ASME)
15 published its first American Tentative Standard Code for Pressure Piping in
16 1935. In 1952, ASME published its first integrated pipeline safety code,
17 called the American Standard Code for Pressure Piping, Section 8, Gas
18 Transmission and Distribution Piping Systems (ASME § B31.8). The
19 Standard Code was substantially revised in 1955. ASME § B31.8 (1955).¹
20 The Commission was also active. In 1953, it established the first safety unit
21 within the Gas Section. CPUC 1955 Report, p.17 (RH-1). Among other
22 activities, the safety unit closely followed the work of the ASME. *Id.* It also
23 reviewed the safety standards established by other regulatory commissions
24 throughout the United States. *Id.*

25 In September 1959, the Commission issued an Order Instituting
26 Investigation to determine, among other things, whether to impose a
27 General Order governing design, construction and operation of gas
28 transmission pipeline systems (“1959 OII”) The 1959 OII culminated in the

¹ Roscoe Smith, a Gas Manager for PG&E, was a member of the B31.8 subcommittee that drafted the 1952 standards. Charles J. Tateosian and Robert Becken, both PG&E retirees, have also been long-standing members of the B31.8 subcommittee.

1 adoption of GO 112, Rules Governing Design, Construction, Testing,
2 Maintenance and Operation of Utility Gas Transmission and Distribution
3 Piping Systems, effective July 1, 1961. Dec. 61269, adopting GO-112,
4 (Dec. 28, 1961) (RH-2); GO 112 (RH-3).² GO 112 effectively codified the
5 1958 revision of ASME B31.8, with modifications, including some that bore
6 on recordkeeping.³ GO 112, § 107.2 incorporating ASME B31.8 (1958)
7 (RH-3). The ASME B31.8 standards would remain the primary source for
8 California pipeline safety rules until the early 1970s when federal pipeline
9 safety regulations, discussed below, came into effect.

10 **2. 1968 - Present: The Evolution of Federal Gas Pipeline Safety** 11 **Law**

12 Federal authorities regulated interstate pipeline safety only incidentally
13 prior to 1970. The 1938 Natural Gas Act (NGA) conferred on the Federal
14 Power Commission (FPC) (the predecessor to the Federal Energy
15 Regulatory Commission (FERC)) the authority to regulate the transportation
16 and sale of natural gas. Pub. L. No. 75-688, 52 Stat. 821 (1938) (RH-8).
17 Section 7 of the NGA empowered the FPC to regulate the improvement or
18 extension of existing gas pipeline services. Over time, the FPC exercised
19 its limited Section 7 authority to insist that new pipeline construction conform
20 to industry standards as a condition of granting certificates of convenience
21 and necessity. H.R. Rep. No. 90-1390, at 12 (1968) (“House Report”) (RH-
22 9). As will be discussed, the FPC also issued and revised regulations that
23 governed the retention of records by utilities, including operation records of

² The initial OII only proposed to address gas transmission pipelines. The Commission was persuaded by the utility companies to expand the scope of the rule to include distribution systems. Dec. 61269 (RH-2)

³ In the 1960s, GO 112 was updated and superseded, first by GO 112-A in 1963 and later by GO 112-B in 1967. GO 112-A (RH-4); Decision No. 66399, adopting GO 112-A on Dec. 3, 1963, effective on Jan. 1, 1964 (RH-5); GO 112-B (RH-6); Decision No. 73223, adopting GO 112-B on Oct. 24, 1967, effective on Dec. 1, 1967 (RH-7). GO 112-A adopted by reference, with certain modifications, the 1963 edition of ASME B31.8. GO 112-A, § 701.2. GO 112-B incorporated changes brought about by issuance of the 1967 edition of B31.8, as well as new reporting requirements.

1 natural gas companies, subject to the FPC's jurisdiction. Beyond these
2 incursions, however, the FPC generally did not regulate pipeline safety.

3 Throughout the 1950s and 1960s, Congress held hearings on pipeline
4 safety, but took no legislative action. As early as 1950, a House member
5 introduced legislation that would have authorized the FPC to prescribe
6 general safety requirements for natural gas companies. *Id.* at 11. The bill
7 was reintroduced in subsequent sessions of Congress. *Id.* In the early
8 1960s, there was renewed legislative interest, including renewed interest in
9 granting the FPC statutory authority and responsibility for safety regulation
10 of gas pipelines operating in interstate or foreign commerce. Each of these
11 legislative efforts failed.

12 The creation of the Department of Transportation (DOT) in 1966,
13 coupled with several serious pipeline accidents in the preceding years,
14 prepared the way for another legislative effort. In April, 1966, the FPC sent
15 the Senate Commerce Committee a report on the safety of interstate
16 pipelines, including pipeline accidents. FPC, *Safety of Interstate Natural*
17 *Gas Pipelines: A Report Prepared for the Use of the Committee on*
18 *Commerce United States Senate, At the request of the Hon. Warren G.*
19 *Magnuson, Chairman*, 98th Cong. (Committee Print 1966), regarding
20 S.1553, "A Bill to amend the NGA to authorize the FPC to prescribe safety
21 requirements for natural gas companies" (RH-10). On February 16, 1967,
22 President Johnson stated in his consumer message:

23 With the creation of the Department of Transportation,
24 one agency now has responsibility for Federal safety
25 regulation of air, water and land transportation, and oil
26 pipelines. It is time to complete this comprehensive
27 system of safety by giving the Secretary of
28 Transportation authority to prescribe minimum safety
29 standards for the movement of natural gas by pipeline.

30 Message to Congress from President Lyndon B. Johnson, *American*
31 *Consumer Protection*, H.R. Doc. No. 90-57, at 11 (1967) (RH-11). The
32 Natural Gas Pipeline Safety Act (NGPSA) was enacted in August 1968. It

1 was the first comprehensive federal pipeline safety law. Pub. L. 90-481, 82
2 Stat. 720 (1968) (RH-12).

3 The NGPSA directed the Secretary of Transportation to promulgate
4 interim and final regulations. The Secretary responded by adopting existing
5 state regulations, including the CPUC's, as "interim standards" for the period
6 of time before the final regulations were promulgated. 33 Fed. Reg. 16500,
7 16500 (Nov. 13, 1968) (RH-13). In August 1970, the Office of Pipeline
8 Safety (OPS) promulgated final rules at 49 C.F.R. Parts 191 and 192
9 regarding minimum federal safety standards including reporting
10 requirements (Part 191) and design, construction, operation, and
11 maintenance of natural gas pipeline facilities (Part 192). See *generally* 35
12 Fed. Reg. 13247-13276 (Aug. 19, 1970) (RH-14). Some of those
13 regulations took effect in November 1970, and others did not become
14 effective until March 1971. *Id.* at 13251. As discussed in greater detail
15 below, Parts 191 and 192 of the 1970 regulations contained a scattering of
16 recordkeeping requirements.

17 The NGPSA was amended in 1972 to allow states to act as the agent of
18 DOT to oversee interstate lines. Pub. L. 92-410, 86 Stat. 616 (1972) (RH-
19 15). With the Independent Safety Board Act of 1974, Congress created the
20 National Transportation Safety Board (NTSB) as an independent federal
21 agency charged with determining the probable cause of transportation
22 accidents and promoting transportation safety. Pub. L. No. 93-633, 88 Stat.
23 2167 (1975) (RH-16). A few years later, Congress amended the NGPSA
24 further to require, among other things, that operators educate the public on
25 hazards associated with natural gas leaks. Pub. L. No. 94-477, 90 Stat.
26 2073 (1976) (RH-17).

27 Following a 1978 Government Accounting Office (GAO) Report critical
28 of OPS presented to the Senate (RH-18), Congress enacted the Pipeline
29 Safety Act of 1979, which established the Hazardous Liquid Pipeline Safety
30 Act (HLPESA), amended the NGPSA to include liquefied natural gas, and
31 granted OPS new enforcement powers, including the ability to issue
32 Hazardous Facility Orders. Pub. L. No. 96-129, 93 Stat. 989 (1979) (RH-

19). In 1985, Congress enacted the Consolidated Omnibus Budget Reconciliation Act, which authorized DOT to collect user fees from all pipeline operators. Pub. L. No. 99-272, 100 Stat. 82, 139 (1986) (RH-20). As part of the 1986 reauthorization amendments, Congress required OPS to issue regulations obligating operators to discover unsafe conditions as part of their inspection and maintenance plans and to report certain safety-related conditions. Pub. L. No. 99-516, 100 Stat. 2966 (1986) (RH-21). (OPS adopted regulations regarding the same in 1988 at Part 191.23). Shortly thereafter, in 1988, further amendments to the NGPSA authorized OPS to establish state one-call programs and require training and testing of personnel who perform safety-sensitive work. Pub. L. No. 100-561, 102 Stat. 2805, 2817 (1988) (RH-22).⁴ In 1991, OPS published 49 C.F.R. Part 198, establishing regulations for grants to aid state pipeline safety programs. 55 Fed. Reg. 38688-92 (Sept. 20, 1990) (RH-23).

In 1994, Congress merged the NGPSA and the HLPESA under the Pipeline Safety Act (PSA). Pub. L. No. 103-272, 108 Stat. 1301-29 (1994) (RH-24). In addition, in 1996, Congress enacted the Accountable Pipeline Safety and Partnership Act, which, among other things, amended the PSA to direct OPS to require operators to submit maps of their pipeline systems. Pub. L. No. 104-304, 110 Stat. 3793 (1996) (RH-25).

In response to pipeline incidents around the country, and a second GAO report critical of the OPS, Congress enacted the Pipeline Safety Improvement Act (PSIA) of 2002. Pub. L. No. 107-355, 116 Stat. 2985 (2002) (RH-26). Congress enacted the Norman Y. Mineta Research and Special Programs Improvement Act in 2004, creating the Pipeline and Hazardous Materials Safety Administration (PHMSA) to provide OPS with more resources. Pub. L. No. 108-426, 118 Stat. 2423 (2004) (RH-27). Congress enacted the Pipelines Inspection, Protection, Enforcement and Safety Act (PIPES) in 2006, which encouraged states to review their existing

⁴ To minimize confusion over which number to call before engaging in digging activities, the one-call program provides one number, 8-1-1, thereby eliminating the need for each state to use different one call notification system numbers.

1 “one-call” programs and expanded financial grant opportunities for states.
2 Pub L. No. 109-468, 120 Stat. 3486 (2006) (RH-28).

3 **3. 1970 - Present: The Commission Adopts Federal Standards**

4 Since 1969, the Commission has been certified under Section 5(a) of
5 the NGPSA to carry out and enforce federal pipeline safety standards in
6 California for intrastate pipelines, not including municipally-owned
7 distribution systems. 49 U.S.C. 60105(a); *see also* Department of
8 Transportation, *Second Annual Report of the Secretary of Transportation on*
9 *the Administration of the National Gas Pipeline Safety Act of 1968*, p. 6, Att.
10 6 (Table I) (1969) (submitted in accordance with NGPSA Section 14)(RH-
11 29). Further, the Commission began incorporating federal standards into
12 what was then GO 112-B by Resolution G-1499, effective November, 1970.
13 Dec. 78513 adopting GO 112-C (RH-30). The Commission resolved that
14 Part 192 be adopted to supplement GO 112-B and GO 94-A.⁵ The
15 immediate result was a GO that contained a mix of ASME B31.8 standards
16 (legacies from the regulatory scheme that existed prior to federal regulation)
17 and the newly incorporated federal regulations. This dual system, mixing
18 the old and the new, lasted only a few months. In April 1971, the
19 Commission adopted GO 112-C deleting the references to ASME and
20 superseding GO 112-B in its entirety. GO 112-C (RH-32); Dec. 78513,
21 adopting GO 112-C on Jan. 12, 1971, effective Apr. 30, 1971 (RH-30).

22 GO 112-C reflected a substantial shift in state regulatory policy. The
23 Commission had previously taken the approach of incorporating ASME
24 B31.8 standards, with modifications. It now eliminated references to ASME
25 B31.8. *Id.* at 3 (“Any reference to the B31.8 Code has been eliminated in
26 the proposed order”). GO 112-C instead directly incorporated the Part 192
27 standards, adding some modifications to reflect more stringent provisions
28 than existed under the Commission’s rules. GO 112-D, adopted June 5,
29 1979, continued along this path, modifying Part I and Part II of GO 112-C to

⁵ Former GO 94-A set out rules governing gas storage facilities and holders. (RH-31).

1 reflect federal regulatory changes, and adding a new Part III to implement
2 the Liquefied Natural Gas Terminal Act of 1977 (RH-33). GO 112-D (RH-
3 34); Dec. No. 90372, adopting GO 112-D effective July 5, 1979 (RH-35).

4 As noted, federal pipeline safety laws continuously changed in the
5 1970s and 1980s. The result was that the Commission had trouble keeping
6 GO 112-C (and later 112-D) up to date. Because GO-112 directly
7 incorporated the federal standards, it was a lengthy document. And there
8 was always a risk of conflict with federal law if revisions to the GO lagged
9 behind changes to federal law. The Commission addressed these problems
10 when it adopted GO 112-E in 1995. GO 112-E (RH-36); Dec. 95-08-053,
11 adopting GO 112-E on Aug. 11, 1995, effective Sept. 11, 1995 (RH-37). GO
12 112-E incorporated the federal regulations by reference, thereby eliminating
13 the former practice of directly incorporating the federal regulatory standards
14 into GO 112, making GO 112 a more concise document. In fact, Go 112-E
15 eliminated other provisions unique to California, including several
16 recordkeeping provisions. GO 112-E also set in place a structure that
17 allowed it to automatically adopt federal regulatory changes as they were
18 made. GO 112-E remains the primary GO governing gas transmission
19 pipeline safety in California.⁶

20 **C. Industry, State and Federal Partial Exemptions for Existing** 21 **Pipelines**

22 The chart below tracks the development -- first in the form of industry
23 standards, and later state and federal rules -- of the policy decision to partially
24 exempt existing pipeline facilities from regulation. The narrative that follows the
25 chart explains these developments in greater detail.

⁶ Other General Orders have regulated gas operators but their provisions touch on transmission pipelines only peripherally. For example, GO 58-A sets standards for gas service but its provisions are mainly aimed at local distribution systems, gas service, and gas delivery.

FIGURE 1-3
PACIFIC GAS AND ELECTRIC COMPANY
DEVELOPMENT OF POLICY DECISION TO PARTIALLY EXEMPT EXISTING PIPELINES FROM
REGULATION



1. GO-112 Partially Exempted Existing Facilities.

The 1959 OII that led to the adoption of the original GO-112 was not a reaction to a specific event, but instead was an effort on the part of the Commission to get out ahead of gas pipeline safety regulation. See Decision No. 61269 (December 28, 1960) (RH-2) (explaining why the Commission felt it necessary to adopt a general order to promote pipeline safety). The Commission did not need to wait for a serious pipeline safety accident before taking action. *Id.* In fact, regulatory agencies in 14 states had already prescribed pipeline safety rules. *Id.*

In other words, the Commission's pipeline safety regulations were forward-looking. Like the ASME standard it adopted, GO 112 partially

1 exempted existing pipeline facilities (and related records) from its reach.

2 Section 104.3 stated:

3 It is not intended that these rules be applied retroactively
4 to existing installations in so far as design, fabrication,
5 installation, established operating pressure, and testing
6 are concerned. It is intended, however, that the
7 provisions of these rules shall be applicable to the
8 operation, maintenance, and up-rating of existing
9 installations.

10 GO 112, § 104.3(RH-3). ⁷ The provision manifested the Commission's
11 intent not to regulate the design, manufacture, construction, and initial
12 testing of pipeline facilities placed in the ground prior to GO 112's July 1,
13 1961, effective date.

14 The same statement of intent that appeared in Section 104.3 of GO 112
15 appears in two more iterations of GO 112. Both GO 112-A and GO 112-B
16 included the same partial exemption for existing facilities. GO 112-A, §
17 104.3 (RH-4); GO 112-B, § 104.3 (RH-6). These later statements confirm
18 the Commission's resolve not to apply GO 112 (or GO 112 A or B) to

⁷ The wording of Section 104.3 is derived from a provision that appeared in both the 1955 and 1958 revisions of ASME B31.8. ASME B31.8, § 804.6 included the statement:

It is not intended that this code be applied retroactively to existing installations insofar as design, fabrication, installation, established operating pressure, and testing are concerned. It is intended, however, that the provisions of this shall be applicable to the operation, maintenance, and up-rating of existing installations.

ASME 1955; ASME 1958 (RH-3). This point is significant because it shows a broader recognition within the pipeline industry that emerging safety standards had only limited application to existing facilities.

1 facilities that existed prior to July 1, 1961, the effective date of the original
2 GO 112.

3 Records provisions in these early GO 112s must be read against the
4 backdrop of § 104.3's partial exemption for existing facilities. For example,
5 one former recordkeeping provision in GO 112, § 122, required
6 "[s]pecifications for material and equipment, installation, testing and
7 fabrication to be maintained by the utility." (RH-3). This prescriptive
8 recordkeeping requirement (later removed from subsequent iterations of GO
9 112) obligated a utility to maintain certain records for facilities installed after
10 July 1, 1961. By the terms of § 104.3, however, this provision never
11 extended to the initial design, construction, and testing of preexisting
12 facilities.

13 The partial exemption set forth in § 104.3 dropped out when the
14 Commission adopted GO 112-C in April 1971. In its Decision, the
15 Commission explained: "[s]ection 104.3 of G.O. 112-B which covers
16 applicability of the rules to existing installations is deleted, because the
17 subject is covered by Section 192.13 of Chapter II of proposed GO 112-C
18 and the federal standards are more stringent." GO 112-C Decision at 3
19 (RH-30).⁸ Thus, as of April, 1971, GO 112-C's provision limiting its

⁸ The GO 112-C Decision's reference to Section 192.13 was a reference to the retroactivity provisions of the newly promulgated 1970 federal pipeline safety regulations. Those regulations (as incorporated by GO 112-C) provided:

§ 192.13 General

(a) No person may operate a segment of pipeline that is readied for service after March 12, 1971, unless that pipeline has been designed, installed, constructed, initially inspected, and initially tested in accordance with this part.

(b) No person may operate a segment of pipeline that is relocated, or otherwise changed after November 12, 1970, unless that replacement, relocation, or change has been made in accordance with this part.

(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.

(RH-30)

1 retroactive application had been deleted in favor of the comparable provision
2 in federal law. The federal regulations, like GO 112, rested on a
3 fundamental public policy decision to exempt from regulation the design,
4 manufacture, construction and initial testing of existing facilities.

5 **2. The 1968 Federal Law Also Partially Exempted Existing** 6 **Facilities**

7 Federal pipeline law also partially exempts existing pipeline facilities
8 from its reach. As a consequence, and as discussed below, certain federal
9 recordkeeping requirements promulgated in 1970, and amendments
10 thereafter, did not extend to existing facilities.

11 The question of how a national pipeline safety law might apply to
12 existing pipeline facilities figured prominently in the legislative debate that
13 led to the NGPSA's enactment. Senate Bill 1166 (S.1166) was introduced in
14 March, 1967. S. 1166, 90th Cong. (1967) (RH-38). As originally proposed,
15 Section 3 of the bill authorized the Secretary to promulgate regulations with
16 full retroactive application to existing facilities: "Such regulations . . . shall
17 apply to the design, installation, inspection, testing, construction, extension,
18 operation, replacement, and maintenance of existing and proposed gas
19 pipelines" *Id.* at § 3.

20 The Senate Commerce Committee took up S.1166 in hearings held in
21 April and August, 1967. In his prepared remarks addressed to the Senate
22 Commerce Committee in April, the Secretary of Transportation urged the
23 Committee to adopt a law with full retroactive application. *S. 1166, A Bill to*
24 *Authorize the Secretary of Transportation to Prescribe Safety Regulations*
25 *for the Transportation of Natural Gas by Pipeline, and for Other Purposes:*
26 *Hearings Before the Senate Committee on Commerce, 90th Cong 2-8*
27 *(1967) (prepared remarks of Secretary of Transportation Alan S. Boyd) (RH-*
28 *39).* The Secretary signaled that, if granted the authority, he would require
29 the pressure testing of all existing pipeline facilities:

30 I previously mentioned that the code used by the industry
31 is deficient concerning existing pipelines both in
32 transmission and distribution systems. The American

1 people must be assured that these lines are safe and that
2 lines constructed today will remain safe throughout their
3 useful life. To do this, if the Department is given the
4 authority by enactment of this legislation, we propose a
5 retesting program for existing lines and a more complete
6 test of new lines after construction.

7 *Id.* at 8.

8 These remarks prompted the following exchange:

9 SENATOR GRIFFIN: Mr. Secretary, on page 13 of your
10 statement you say that "We propose a retesting program
11 for existing lines." I don't know a great deal about this
12 industry, but I would imagine a retesting program of all
13 existing lines could be a rather major undertaking.

14 SECRETARY BOYD: I think it is quite right to assume
15 that it is a major undertaking. We are unable to ascertain
16 how much it will cost because a large part of that
17 question is really a function of time. Certainly our
18 thinking up to the moment is that there should be a very
19 reasonable period of time within which to initiate, carry
20 out, and complete the testing program. I can't give you a
21 more definitive answer.

22 *Id.* at 20 (colloquy between Sen. Robert P. Griffin (MI) and Secretary
23 Boyd). Later, in the same hearings, the Chairman of the FPC was
24 questioned by Senator Griffin on the same topic. *Id.* at 30-50 (testimony of
25 Lee C. White, Chairman of the FPC). The Chairman testified in substance
26 that the costs of retesting existing pipelines would be borne by the gas
27 system, and perhaps ultimately by the consumers in the form of higher
28 rates. *Id.* at 40. The Committee also received information indicating that the
29 cost of retesting all 200,000 existing miles of transmission pipeline in the
30 United States could exceed one billion dollars. *Id.* at 337 (testimony of W.
31 A. Strauss, representing the Interstate Natural Gas Association of America
32 (INGAA)).

1 In the fall of 1967, the Senate Commerce Committee reported out a
2 version of S.1166 substantially different from the one initially introduced. In
3 particular, the full retroactivity clause of Section 3 had been redrafted to
4 provide for only limited retroactivity:

5 [S]tandards affecting the design, installation,
6 construction, initial inspection, and initial testing shall not
7 be applicable to pipeline facilities in existence on the date
8 such standards are adopted, unless the Secretary finds
9 that a potentially hazardous situation exists, in which
10 case he may by order require compliance with any such
11 standards. Such Federal safety standards shall be
12 practicable and designed to meet the needs of pipeline
13 safety.

14 S.1166, as reported to the full chamber by the Senate Commerce
15 Committee, Section 3(b), at 6 (1967) (RH-40). The reasons prompting the
16 change—a change from a fully retroactive law to a partially retroactive one—
17 were set forth in the Senate Committee Report:

18 The committee appreciates the fear of the industry that it
19 might be required to bear the expense of removing large
20 quantities of pipeline laid before a standard becomes
21 effective for no other reason than that it does not comply
22 with the Federal standard, irrespective of whether the
23 pipe is sound and safe. For this reason, the committee
24 has provided that standards affecting the design,
25 installation, construction, initial inspection and initial
26 testing shall not be applicable to pipeline facilities in
27 existence on the date such standard is adopted, unless
28 the Secretary finds that a potential hazardous situation
29 exists, in which case, he may by order require
30 compliance with any such standard.

31 S. Rep. 733, 90th Cong., p. 7 (1967) (RH-41). Thus, when S. 1166
32 passed out of the Senate, it included Section 3(b)'s limited exemption for

1 existing facilities. S.1166, as passed by the Senate, 90th Cong., § 3(b), at 4
2 (1967) (RH-42).

3 In late 1967, S.1166 moved to the House, where it was joined with other
4 House pipeline safety bills and referred to the Subcommittee on
5 Communications and Power of the Committee on Interstate and Foreign
6 Commerce. The House Subcommittee held numerous hearings between
7 December, 1967 and March, 1968. *H.R. 6551, S.1166, Bills to Prescribe*
8 *Safety Standards for the Transportation of Natural and Other Gas By*
9 *Pipeline, and for Other Purposes Before the House Subcommittee on*
10 *Communications and Power of the Committee on Interstate and Foreign*
11 *Commerce*, 90th Cong. (1967-68) (RH-43). In testimony before the
12 Subcommittee, the Transportation Secretary urged that Section 3(b), as
13 amended in the Senate Commerce Committee, be stricken. He
14 characterized Section 3(b) as a “partial exemption from retroactive
15 application” of standards contained in S.1166.” *Id.* at 17 (prepared remarks
16 of Secretary Boyd). The Secretary went on to testify: “[t]he primary problem
17 results from the fact that whatever standards have been applied, have been
18 applied primarily to new pipe and to new construction.” H. Rep. No. 90-
19 1390, at 17 (1968) (appendix to statement of Secretary Boyd) (RH-9). The
20 Secretary testified further that he considered the major shortcoming of the
21 ASME code, which had been adopted by most of the States and voluntarily
22 implemented by the industry, was that it did not provide for systematic
23 testing or evaluation of pipe already in the ground. *Id.* As was the case in
24 the Senate, there was significant debate on Section 3(b) in the House. One
25 concern expressed by the pipeline industry was that, even as amended,
26 Section 3(b) retained a clause allowing the Secretary to declare a hazard
27 and apply existing standards to eliminate the hazard. *Id.* at 22-23
28 (Subsection “Applications of Standards to, and Removal of, Hazards in
29 Existing Pipeline Facilities”). The industry was concerned that without limits,
30 the clause could be read to allow the Secretary to effectively gut Section
31 3(b)’s limited retroactivity provision. *Id.*

1 The House retained the partial exemption for existing pipeline, and
2 weakened slightly the Secretary's ability to declare existing hazards by
3 requiring that his finding be particularized. House Subcommittee on
4 Communications and Power, 90th Cong., S.1166, § 3(b) at 4 (Subcommittee
5 Print 1968) (RH-44). The House Report summarized:

6 The committee believes that in giving the Secretary this
7 authority to move directly to remove a hazard, the
8 Secretary has the power permitting him to achieve
9 protection to the public much more quickly and effectively
10 than he might have were he to invoke the cumbersome
11 and more restrictive route of attempting to apply
12 standards of general universality to a given situation.

13 H. Rep. 1390, 90th Cong., p.23 (1968)(RH-9). The bill advanced to the
14 House Committee of the Whole, where it was passed on July 2, 1968. After
15 differences between the Senate and House versions of S.1166 were
16 reconciled in Conference, it was passed by the House on July 26, 1968, and
17 by the Senate on July 31, 1968. Section 3(b) of the Natural Gas Pipeline
18 Safety Act of 1968, Pub. L. 90-481 was signed into law on August 13, 1968.
19 As enacted, Section 3(b) provided in part:

20 No later than twenty-four months after the enactment of
21 this Act, and from time to time thereafter, the Secretary
22 shall, by order, establish minimum Federal safety
23 standards for the transportation of gas and pipeline
24 facilities. Such standards may apply to the design,
25 installation, inspection, testing, construction, extension,
26 operation, replacement, and maintenance of pipeline
27 facilities. *Standards affecting the design, installation,*
28 *construction, initial inspection, and initial testing shall not*
29 *be applicable to pipeline facilities in existence on the date*
30 *such standards are adopted.*

31 Public Law 90-481, 82 Stat. 720 (1968) (emphasis added) (RH-12).

1 The final rule promulgating the minimum federal safety standards in
2 1970 implements the legislative exemption for existing facilities by
3 exempting them from “those provisions applicable to design, installation,
4 construction, initial inspection, and initial testing of new pipelines.” 35 Fed.
5 Reg. at 13250 (RH-14). DOT clarified in the Preamble of that same rule,
6 however, that “existing pipelines were subject to the maintenance, repair,
7 and operations requirements.” *Id.* at 13250. DOT also explained that the
8 new provision at 49 C.F.R. § 192.13 was added to “clearly state the
9 applicability of these regulations with respect to new and existing pipelines,
10 and to avoid confusion as to the retroactive effect of these standards.” 35
11 Fed. Reg. at 13251. Because of the “long lead times involved in preparing
12 for pipeline construction,” the new requirements for design, installation,
13 construction, initial inspection, and initial testing would only apply to new
14 pipelines that became ready for service after March 12, 1971. *Id.*

15 In particular, DOT recognized the need to treat existing pipelines
16 separately when it promulgated 49 C.F.R. § 192.619(c), allowing an option
17 for operators of pipelines existing prior to promulgation of the 1970 final
18 rules to establish maximum allowable operating pressure (“MAOP”) based
19 on historical operating pressure, rather than relying on design criteria or
20 pressure testing. 35 Fed. Reg. at 13273 (RH-14). Commonly referred to as
21 the “grandfather clause,” this provision was the product of the rulemaking by
22 DOT in 1970 establishing Part 192. It was not addressed during the
23 legislative history associated with the passage of the NGPSA or any
24 proposed rules. Instead, in response to comments submitted by the FPC
25 that some pipelines may or may not have been pressure tested in
26 compliance with ASME B31.8, the Preamble to the 1970 rulemaking stated:

27 In view of the statements made by the Federal Power
28 Commission, and the fact that this Department does not
29 now have enough information to determine that existing
30 operating pressures are unsafe, a “grandfather” clause
31 has been included in the final rule to permit continued
32 operation of pipelines at the highest pressure to which

the pipeline had been subject during the 5 years preceding July 1, 1970.

The uprating requirements in Subpart K apply when an operator wants to establish a maximum allowable operating pressure higher than the highest actual operating pressure to which the pipeline was subjected in these 5 years. This will prevent an operator from using a theoretical maximum allowable operating pressure which may have been determined under some formulae used 20, 30 or 40 years ago.

35 Fed. Reg. at 13248 (RH-14).

In implementing the regulations, OPS consistently exempted pipeline facilities installed prior to 1971 from the design, construction, and initial testing requirements in Part 192. The Transportation Safety Institute (TSI), the DOT training agency, provides a chart setting forth the retroactive and non-retroactive subparts of Part 192. The April 2010 DOT/TSI document, chart entitled "Pipeline safety Laws" (RH-45), provides, in part:

TABLE 1-1
PACIFIC GAS AND ELECTRIC COMPANY
RETROACTIVE AND NON-RETROACTIVE SUBPARTS OF PART 192

Retroactive Subparts	Non-Retroactive Subparts
A. General	B. Materials
I. Corrosion (Dates: July 31, 1971, August 1, 1971)	C. Pipe Design
K. Uprating	D. Design of Pipeline Components
L. Operations	E. Welding of Steel in Pipelines
M. Maintenance (Dates: November 12, 1970, March 12, 1971, July 31, 1977)	
O. Pipeline Integrity Management	F. Joining of Materials Other than by Welding

P. Distribution Integrity Management	G. General Construction Requirements for Transmission Lines
	H. Customer Meters, Services, Regulators and Service Lines
	J. Testing Requirements
	N. Operator Qualifications

Since 1973, OPS has also provided interpretations that support the exemption provisions in Section 192.13.⁹ Logically, if these subparts do not apply retroactively to existing pipelines, then the recordkeeping provisions associated with them do not either.

This account of how and why policymakers decided to partially exempt existing facilities demonstrates that, more than a generation ago, state and federal policymakers grappled with a significant decision. They chose to partially exempt existing pipeline facilities from certain regulatory requirements, including regulations requiring the pressure-testing of

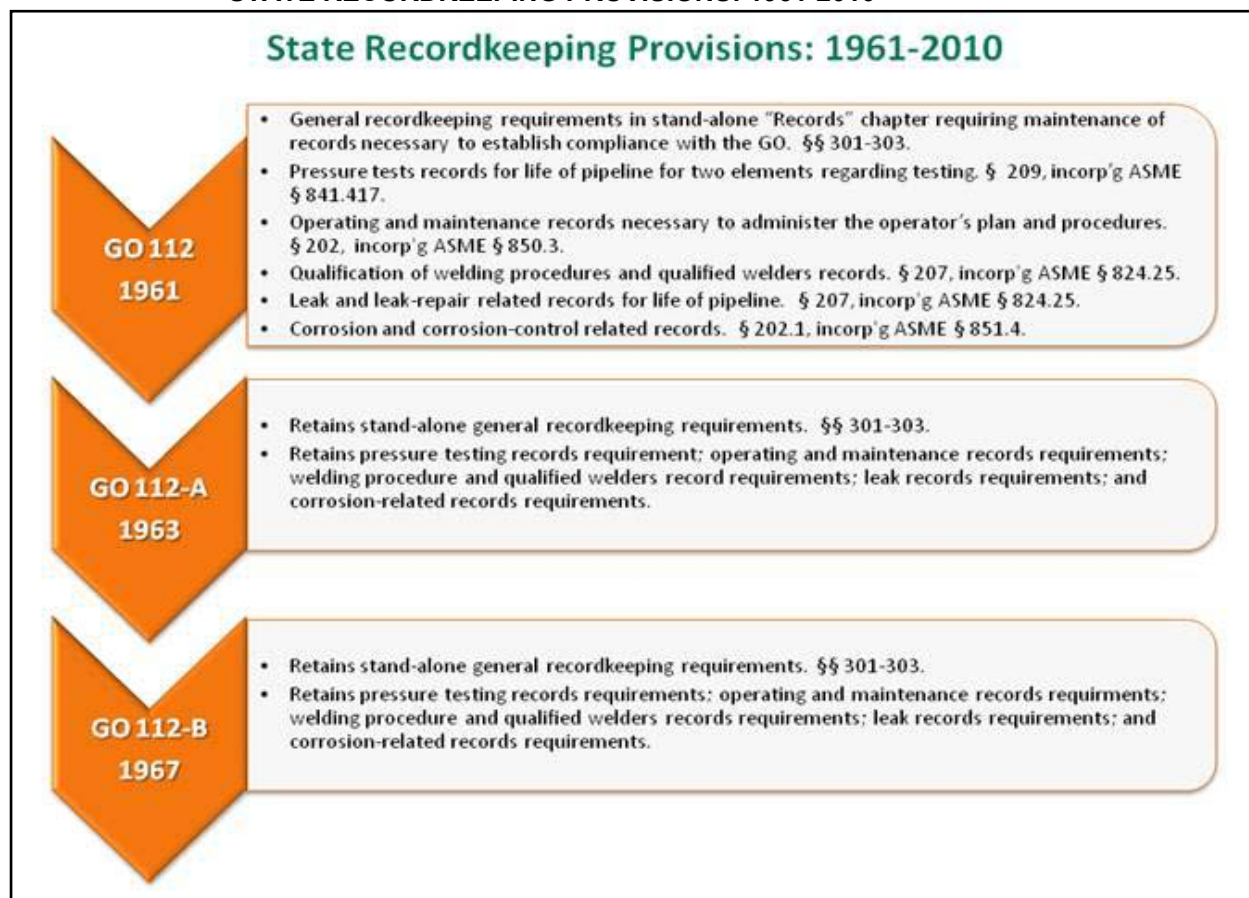
⁹ Examples include: (1) PHMSA, PI-73-006, Interp 192.13(8) (OPS interpretive letter January 26, 1973 letter to the Department of Justice, State of Louisiana (“You ask whether the current erosion protection efforts make the pipeline subject to the requirements in section 192.13(b) . . . [i]t does not appear that a pipeline segment is in any way being replaced, relocated, or other wise changed, that section is not considered applicable”)) (RH-46); (2) PHMSA, PI-79-019, Interp. 192.13(15) (June 20, 1979 letter to John Parker in Clinton, North Carolina (“Section 192.317(a) is a construction requirement that, in accordance with section 192.13, applies to new pipelines readied for service after March 13, 1971, or to existing pipeline that are replaced, relocated, or otherwise changed after November 12, 1970”)) (RH-47); (3) PHMSA, Interp. 192.13(19) (November 3, 1982 letter to Tom Reifschneider in Council Bluffs, Iowa (“In this case, § 192.311 would not apply since it only governs the construction of new transmission lines and mains or existing ones that are being replaced, relocated, or otherwise changed (see §§ 192.13 and 192.301))) (RH-48); (4) PHMSA, Interp. 192.13(22) (November 19, 1984 letter to Alfred Colabella in Bordentown, New Jersey (“ . . . any pipelines (or portion thereof) that were readied for service before March 13, 1971, and have not been replaced, relocated, or otherwise changed since November 12, 1970 may be used as service lines under part 192 without regard for the material, design, and construction standards (including standards for initial leak or pressure testing, and initial inspection). The pipelines must, however, meet the applicable operation, maintenance and corrosion control requirements of Part 192.”)) (RH-49).

transmission pipelines already in the ground. After the San Bruno accident, this policy decision is being revisited, as it should. Sixty-one percent of the Nation's transmission lines in the ground today were installed before federal regulations came into effect. American Gas Association, *AGA White Paper on Verification of MAOPs for Existing Steel Transmission Pipeline*, p. 1 (April 2011) ("AGA MAOP White Paper") (RH-50).

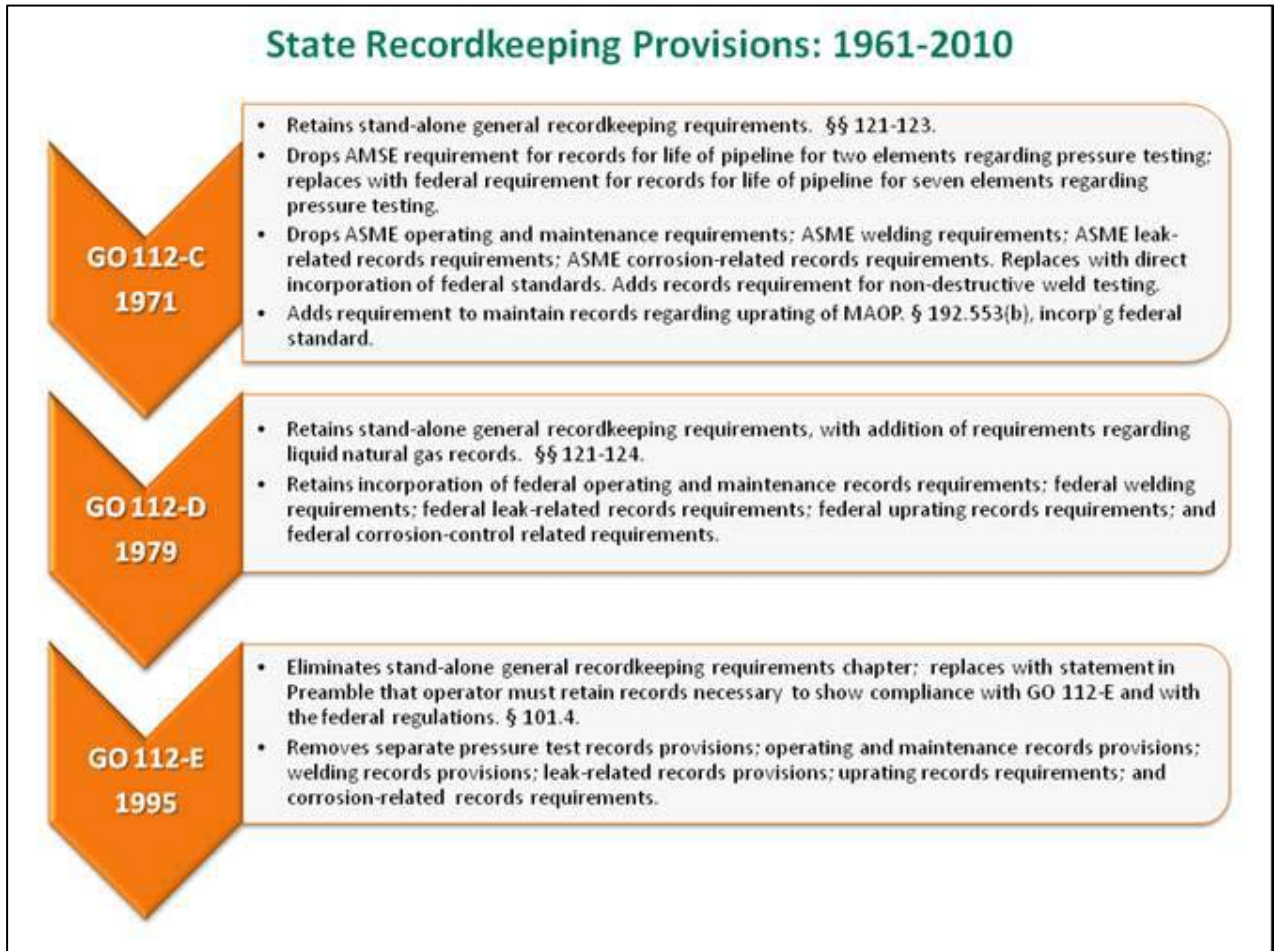
D. Change in CPUC Gas Safety Recordkeeping Rules -- 1961 to 2010

This section and the chart below summarize potentially relevant California gas pipeline recordkeeping rules. The narrative part of this section traces the evolution of gas safety recordkeeping rules set out in general orders, resolutions and federal regulations and guidance.

FIGURE 1-4
PACIFIC GAS AND ELECTRIC COMPANY
STATE RECORDKEEPING PROVISIONS: 1961-2010



**FIGURE 1-5
PACIFIC GAS AND ELECTRIC COMPANY
STATE RECORDKEEPING PROVISIONS: 1961-2010**



1. CPUC Gas Safety Recordkeeping Provisions

The original 1961 GO 112 included a separate Chapter (Chapter III) that addressed “Records.” It provided:

301 GENERAL

301.1 The responsibility for the maintenance of the necessary records to establish that compliance with these rules has been accomplished rests with the utility. Such records shall be available for inspection at all times by the Commission or the Commission staff.

1 302 SPECIFICATIONS

2 302.2 Specifications for material and equipment, installation, testing
3 and fabrication shall be maintained by the utility.

4 303 OPERATING AND MAINTENANCE PROCEDURES

5 303.1 Plans covering operating and maintenance procedures,
6 including maximum actual operating pressure to which the line
7 is intended to be subjected, shall be maintained by the utility.

8 303.2 No pipeline shall be operated in excess of the maximum actual
9 operating pressure recorded by the company in accordance with
10 this section.

11 (RH-3). These same general recordkeeping requirements survived
12 without substantial change in GO 112-A (§§ 301-303) (RH-4); 112-B (§§
13 301-303) (RH-6); 112-C (§§ 121-123) (RH-32); and General Order 112-D
14 (§§ 121-124) (RH-34).

15 In addition to the General Records provisions discussed above, GO 112
16 also incorporated certain ASME B31.8 records provisions. GO 112 § 107.1
17 provided that gas transmission and distribution facilities shall be constructed
18 and operated in compliance with the provisions of ASME B31.8 – 1958.

19 (RH-3). Spread throughout ASME B31.8 are discrete recordkeeping
20 provisions that, to the extent they do not conflict with other provisions of GO
21 112, applied from July 1, 1961, until the Commission ceased incorporating
22 ASME standards when it adopted GO 112-C in April, 1971. The ASME
23 recordkeeping provisions incorporated through GO 112 are summarized
24 below.

25 Pressure Test Records. The 1958 ASME Standard, as incorporated in
26 GO 112, included a recordkeeping provision for pressure-testing records.
27 (RH-3). ASME 841.417 provided as follows: “The operating company shall
28 maintain in its file for the useful life of each pipeline and main, records
29 showing the type of fluid used for test and the test pressure.” This ASME
30 recordkeeping provision was incorporated without change in GO 112A (RH-
31 4) and GO 112B (RH-6). With the adoption of GO 112-C, in April, 1971,
32 ASME 841.417 dropped out of the GO. GO 112-C instead incorporated the

1 pressure-test recordkeeping provisions set forth in 49 C.F.R. § 192.517.
2 See GO 112-C, Part II (RH-32).

3 The pressure test recordkeeping provision incorporated into GO 112,
4 112-A and 112-B was unique in at least one respect. It was significantly
5 less demanding than a later federal analog. To satisfy the GO, the
6 pressure-test record must contain two requirements: (1) the type of fluid
7 used in the test, and (2) the test pressure. (RH-3; RH-4; RH-6). The latter
8 federal requirements issued in 1970 contained several additional elements.
9 See 49 C.F.R. § 192.517; 35 Fed. Reg. at 13270 (RH-14).

10 Operating and Maintenance Records. GO 112 incorporated a 1958
11 ASME B31.8 provision setting forth the obligation of an operating company
12 to maintain a plan covering operating and maintenance procedures. Section
13 850.3 provided:

14 **850.3 Basic Requirement.** Each operating company having gas
15 transmission or distribution facilities within the scope of this
16 code shall:

- 17 (a) Have a plan covering operating and maintenance procedures in
18 accordance with the purpose of this code.
19 (b) Operate and maintain its facilities in conformance with this plan.
20 (c) Keep records necessary to administer the plan properly.
21 (d) Modify the plan from time to time as experience with it dictates
22 and as exposure of the public to the facilities and changes in
23 operating conditions require.

24 GO-112 incorporating ASME B31.8, § 850.3 (1958). (RH-3). This
25 ASME recordkeeping provision was incorporated without change in GO 112-
26 A (RH-4) and GO 112-B. See GO 112-A & 112-B (RH-6). As with other
27 ASME incorporated provisions, it dropped out with the adoption of GO 112-
28 C, in April 1971.

29 Welding Records. GO 112 incorporated a 1958 ASME B31.8 provision
30 relating to records for qualification of procedures and welders on pipelines
31 operating at hoop stresses of 20% or more of the Specified Minimum Yield
32 Strength. (RH-3). Section 824.25 provided:

1 Records of the tests that establish the qualification of a
2 welding procedure shall be maintained as long as the
3 procedure is in use. The operating company or
4 contractor shall, during the construction involved,
5 maintain a record of the welders qualified showing the
6 date and results of tests.

7 This ASME recordkeeping provision was incorporated without change in
8 GO 112-A (RH-4) and GO 112-B (RH-6). As discussed above, Section
9 824.25 dropped out of GO 112-C.

10 Corrosion Records. The 1958 ASME B31.8 standard, as incorporated in
11 GO 112 included a recordkeeping provision governing certain limited
12 records that pertain to pipeline corrosion and corrosion control (RH-3).
13 ASME 851.4 provided as follows:

14 **851.4 Corrosion Records.** Records shall be made of each pipeline
15 inspection for external or internal corrosion covering conditions
16 found, adequacy of cathodic protection, if so protected,
17 condition of pipeline coating. Depth of pits noted and extent of
18 corroded area. If repairs are made, method used shall be
19 stated.

20 (RH-3). This ASME B31.8 recordkeeping provision was incorporated
21 without change in GO 112A and GO 112B (RH-4; RH-6). Again, with the
22 adoption of GO 112-C, in April 1971, Section 851.4 dropped out.

23 Leak Records. The 1958 ASME Standard, as incorporated in GO 112
24 included a recordkeeping provision for pipeline leak records. (RH-3).
25 Section 851.5 provided as follows:

26 **851.5 Pipeline Leak Records.** Records shall be made covering all
27 leaks discovered and repairs made. All pipeline breaks shall be
28 reported in detail. These records along with leakage survey
29 records, line patrol records and other records relating to routine
30 or unusual inspections shall be kept in the file of the operating
31 company involved, as long as the section of line involved
32 remains in service.

(RH-3). This ASME recordkeeping provision was incorporated without change in GO 112A (RH-4) and GO 112B (RH-6),. With the adoption of GO 112-C, in April 1971, ASME 851.5 also dropped out.

2. The Commission Withdraws Stand-Alone State Recordkeeping Standards

Despite the coming and going of certain ASME recordkeeping requirements into and out of different iterations of GO 112, the General Records provisions contained in the original GO 112 remained in place from GO 112 through GO 112-D. (RH-3; RH-4; RH-6; RH-32; RH-34). By 1995, however, they too would drop out. Sections 121-124 of 112-D (the General Records provisions) were deleted in GO 112-E in 1995. GO 112-E (RH-36); Dec. 95-08-053 adopting GO 112-E (RH-37). GO 112-E instead contains a short recordkeeping statement in its Preamble:

101.4 The utilities shall maintain the necessary records to ensure compliance with these rules and the Federal Pipeline Safety Regulation, 49 CFR [sic], that [sic] are applicable. Such records shall be available for inspection at all times by the Commission or Commission Staff.

(RH-36). There is only a brief discussion of this provision in the Decision adopting GO 112-E. "Utilities are required to maintain necessary records, available for inspection by the Commission, to ensure compliance with these rules and the applicable sections of 49 CFR." Despite this brief explanation, it is possible to discern the Commission's rationale for the change to less prescriptive recordkeeping rules. The Commission sought to construct a GO that was concise and that would more closely match federal rules and their continuing changes. See Dec. 95-08-053 (explaining that staff proposed GO 112-E to eliminate the lag time in adopting changes to conform to federal regulatory changes and the duplication of state and federal standards) (RH-37). The Commission likely perceived that the removal of specific recordkeeping provisions in favor of a provision making general reference to federal recordkeeping requirements was consistent with that regulatory approach.

1 Thus, by the time of GO 112-E's adoption, the last vestiges of specific
2 recordkeeping requirements either incorporated from ASME or imposed
3 directly by Commission rule had been removed. Deleted from GO 112-E
4 are the specific Records provisions contained in the now-superseded 112-D
5 (Section 122 (SPECIFICATIONS), Section 123 (OPERATING AND
6 MAINTENANCE PROCEDURES) and Section 124 (ABNORMALITY AND
7 FAILURE RECORDS). The federal recordkeeping provisions, and the
8 regulatory philosophy behind them (see discussion below), would, going
9 forward, provide the main source of recordkeeping guidance for the State's
10 pipeline operators.

11 **3. Limited Past Records Retrievability Guidance.**

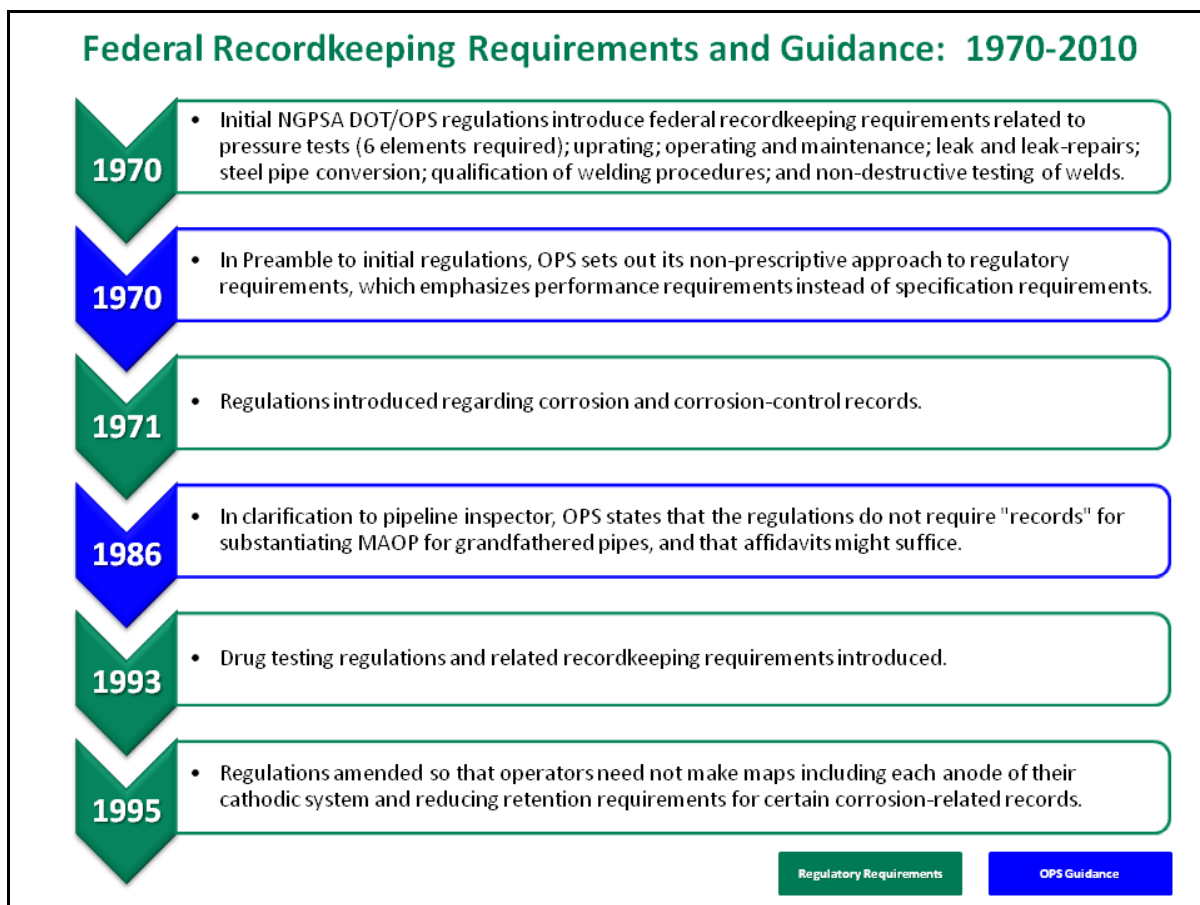
12 One of the OII's Directives (Paragraph 2.E) previews a potentially new
13 standard governing the retrievability of records: records should be
14 maintained in such a way as to be "identified, accessed, and retrieved
15 efficiently and promptly." OII at 18. It is difficult to identify in the
16 Commission's recordkeeping rules or elsewhere significant past guidance
17 about the retrievability (as opposed to retention) of records. The guidance
18 that does exist aims at ensuring that records are readily retrievable locally
19 and are available to regulators. Thus, for example, 1962 FPC regulations
20 required that at each office of the natural gas company where records are
21 kept or stored, such records as are required to be preserved and shall be so
22 arranged, filed, and currently indexed that they may be readily identified and
23 made available to the FPC's representatives. 27 Fed. Reg. Reg. 12241-52
24 (Dec. 12, 1962), codified at 18 C.F.R. Part 225.2 (RH-51). GO 58-A, which
25 remains in effect, contains similar provisions specifying that gas records—
26 mainly but not exclusively gas distribution and service records—should be
27 maintained locally in districts, divisions, and control, storage and
28 compressor stations. See GO 58-A 3.b-d (RH-52).

E. Changes in Federal Gas Safety Recordkeeping Requirements from 1968 to 2010

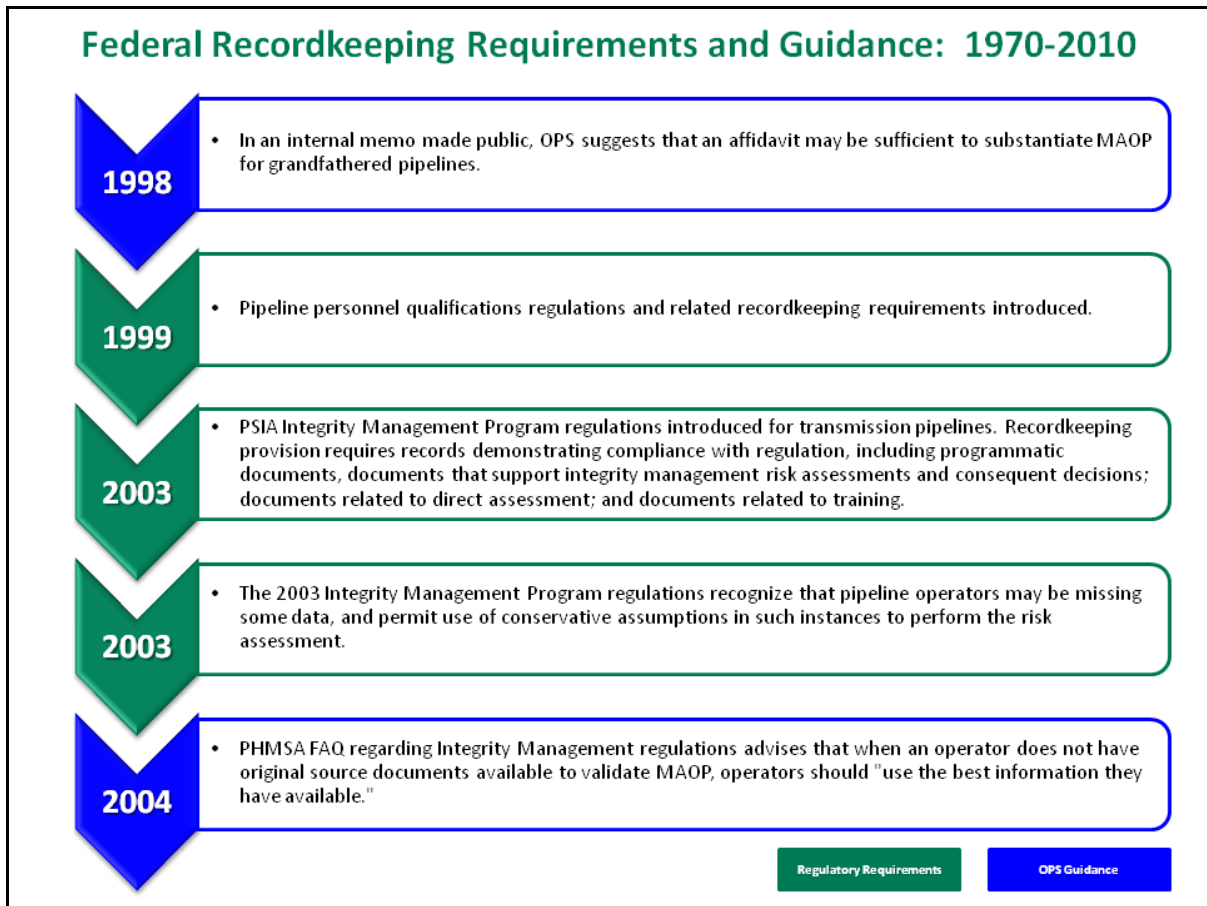
The regulations implementing the 1968 NGPSA introduced federal recordkeeping standards. Following the initial regulations, OPS added only a handful of discrete recordkeeping requirements over the following 30 years until the introduction of Integrity Management regulations in 2003.

In overview, federal regulators embraced a regulatory philosophy that emphasized flexibility. The regulations include numerous examples where regulators accommodate the practical reality that operators, particularly of older pipelines, may lack gas pipeline records. Federal regulators have rejected invitations to provide the industry with specific recordkeeping standards or to review the recordkeeping procedures of individual operators.

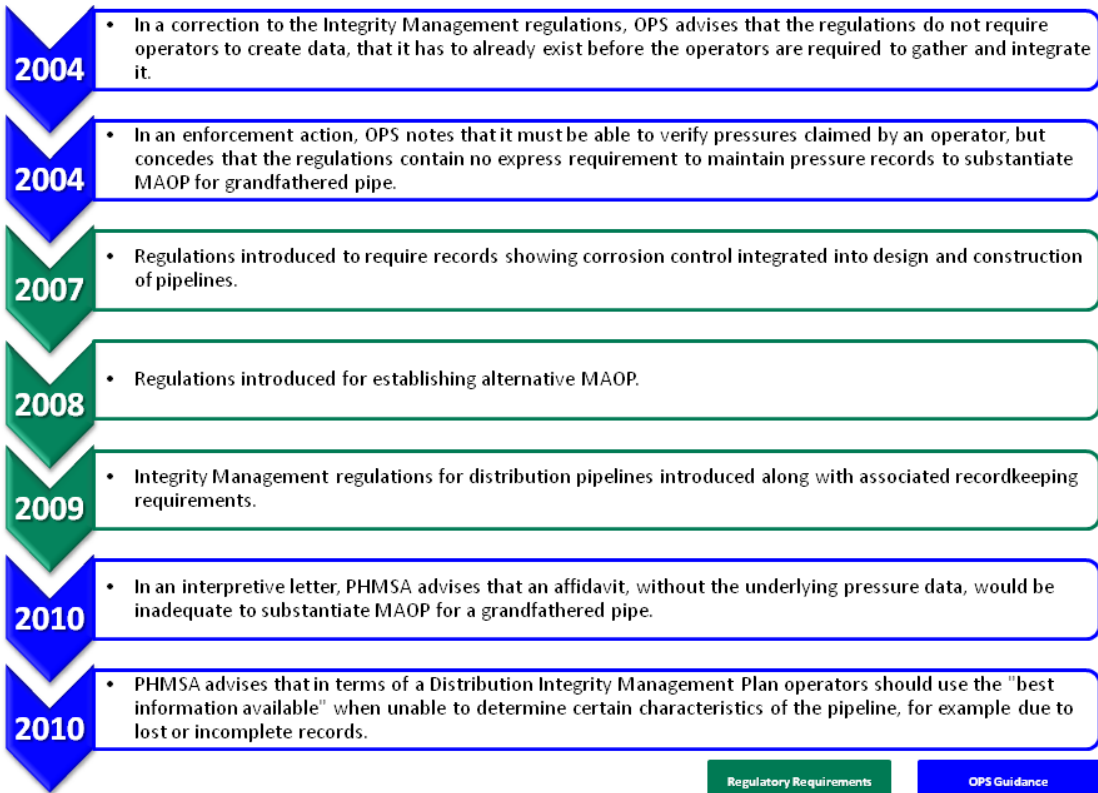
FIGURE 1-6
PACIFIC GAS AND ELECTRIC COMPANY
FEDERAL RECORDKEEPING REQUIREMENTS AND GUIDANCE: 1970-2010



**FIGURE 1-7
PACIFIC GAS AND ELECTRIC COMPANY
FEDERAL RECORDKEEPING REQUIREMENTS AND GUIDANCE: 1970-2010**



Federal Recordkeeping Requirements and Guidance: 1970-2010



1. Federal Regulators Recognized that Operators May Not Have Complete Records

"The natural gas industry is no different from other industries that face a challenge in maintaining its records of assets that are over 40 years old. One can imagine the challenges of keeping detailed physical paper records on every pipeline segment some of which date back in excess of forty years." AGA MAOP White Paper, p.2 (RH-50). From the beginning, federal pipeline safety regulations have confronted this challenge by providing guidance addressed to the practical reality that operators may not have complete pipeline records, particularly for pre-1970 pipelines. For example, Cesar de Leon is expected to testify at a later stage in this proceeding that in the late 1970s, when he was head of the OPS, he was consulted by a pipeline company preparing to acquire a pipeline system with incomplete records. Mr. de Leon recalled advising that the lack of complete records

1 should not deter the acquisition of the pipeline system because it would not
2 affect the acquiring company's ability to operate the system in compliance
3 with the regulations.

4 The 2003 Integrity Management rules and guidance address in frank
5 terms the problem that data may not exist for certain pipelines. After issuing
6 the final rule in December 2003, OPS made corrections. One of the
7 corrections was to § 192.917(b), a paragraph requiring an operator to gather
8 and integrate data from its entire pipeline system that could be relevant to
9 identifying potential threats. In a petition for reconsideration, an industry
10 group expressed the concern "that an operator will be required to create
11 data" where none existed. In the Preamble, OPS responded:

12 Although it seems self-evident that an operator must only gather and
13 integrate existing data about its pipeline system, industry has expressed
14 concern that an operator will be required to create data. We have revised
15 the paragraph to clarify that the data has to exist before it is gathered and
16 integrated for analysis.

17 69 Fed. Reg. 18228, 18229 (April 6, 2004) (RH-53). The correction
18 added the qualifier "existing" to the regulation. *Id.* at 18232.

19 This early recognition that the industry's records may be less than
20 complete carries forward into more recently promulgated Integrity
21 Management regulations at 49 C.F.R. 192 Part O. Those regulations
22 incorporate the standards of ASME B31.8S (2004). The ASME Standards
23 permit the use of conservative assumptions when operators do not possess
24 complete pipeline information. For example, when addressing the
25 requirements for gathering, reviewing, and integrating data for the different
26 threats, the Standard enumerates what an Integrity Management program
27 must address. Specifically, the Standard states, "[w]here the operator is
28 missing data, conservative assumptions shall be used when performing the
29 risk assessment or, alternatively, the segment shall be prioritized higher."
30 The Standard allows for the use of conservative assumptions in risk
31 assessment for external corrosion, internal corrosion, stress corrosion
32 cracking, manufacturing threats, construction threats, equipment threats,

1 and weather-related threats. The Standard goes on to note that “[w]hen
2 pipe data is unknown, the operator may refer to History of Line Pipe
3 Manufacturing in North America by J.F. Kiefner and E.B. Clark, 1996, SME.”
4 See also DIMP Guidance, “Knowledge,” in *Elements of a Distribution*
5 *Integrity Management Plan* (“If practical, the operator should use the best
6 information available to make decisions about what is in the existing system.
7 In some cases, an operator may be unable to determine the materials or
8 characteristics of some of the components of the system. This may be due
9 to lost records, systems gained through mergers or acquisitions without
10 complete records, or other reasons. For example, the year of installation
11 might be used to make such decisions about piping material, joint type,
12 coating type, or repair methods used”) (RH-55).

13 Recordkeeping guidance has dealt directly—if inconsistently—with
14 recordkeeping gaps in the area of establishing MAOP under 49 C.F.R. §
15 192.619, . Pipeline operators posed the question whether they had to
16 provide original source documents to establish MAOP, and if those records
17 do not exist “will DOT accept inventory map data for pipeline information,
18 MAOP database information, etc.?” The response was practical:
19 “Operators should use the best information they have available . . .” while
20 ensuring that the data is accurate. PHMSA, Integrity Management FAQ-205
21 (issued Dec. 6, 2004) (RH-56). Yet what “best available information” means
22 has changed over time. In 1986, a DOT pipeline inspector requested
23 clarification from OPS regarding the requirements under 49 C.F.R. §
24 192.619(c). PHMSA, PI-86-005 (Aug. 4, 1986) (RH-57). He inquired
25 whether “the regulations require that the operator have records to
26 substantiate the pressures used to establish the MAOP per 192.619(c)?” *Id.*
27 In an internal exchange, which was then made public guidance, OPS
28 responded that “[t]he regulations do not require “records,” however,
29 enforcement personnel have to apply judgment as to what they will accept to
30 substantiate the operator claim. A violation would have to be clearly obvious
31 to be enforceable.” *Id.* OPS then went on to state that “sworn statements
32 by the operators” would be adequate to substantiate MAOP for

1 grandfathered pipe. *Id.* In 1998, OPS prepared MAOP establishment
2 guidance document reiterating the suggestion that an affidavit could be
3 sufficient in some circumstances. PHMSA, *Determination of Maximum*
4 *Allowable Operating Pressure in Natural Gas Pipelines*, PHMSA (April 22,
5 1998) (includes instructions and a form) (RH-58). And then in a 2004
6 enforcement action, OPS stated that it must be able to verify the pressures
7 that an operator claims to be applicable (but also conceded that the
8 regulations contain no express requirement that pressure records must be
9 maintained to substantiate MAOP for grandfathered pipe). PHMSA, Final
10 Order, CPF 4-2004-1007 (Sept. 13, 2006)) (RH-59). In 2010, OPS provided
11 an interpretative letter stating that an affidavit, without any underlying
12 pressure data, would not satisfy substantiation under Section 619(c).
13 PHMSA, PI-09-0021 (Aug. 11, 2010) (RH-60).

14 In sum, missing and incomplete pipeline records, particularly for older
15 lines, are challenges the industry as a whole confronts. Federal regulators
16 had to this point accommodated record gaps in pragmatic terms. In
17 regulations, interpretative letters and other guidance they recognized the
18 practical reality that pipeline operators may not possess complete records
19 regarding all of their pipeline segments.

20 **2. A Flexible Approach to Federal Safety Regulations**

21 Federal pipeline safety standards have generally been written in
22 performance-based language to permit operators flexibility in compliance
23 and to allow innovation in the industry. This regulatory philosophy was set
24 out in the Preamble to the initial 1970 regulations:

25 Performance v. specification requirements. As indicated in the
26 series of notices upon which this regulation is based, we intend
27 to state the Federal safety standards in performance terms,
28 rather than as detailed specifications, whenever it is possible to
29 do so within the state-of-the-art and without lowering the
30 required level of safety.

1 Final Rule, 35 Fed. Reg. at 13250 (RH-14). Federal pipeline safety
2 rules have generally been written to permit operators flexibility in compliance
3 and to allow innovation in the industry. 54 Fed. Reg. 46685, 46686 (Nov. 6,
4 1989) (RH-63). OPS has thus resisted writing rules that specify, or tell an
5 operator “how to do it.” 59 Fed. Reg. 6579, 6580 (Feb. 11, 1994) (RH-64).

6 The limited recordkeeping guidance from OPS that exists hews closely
7 to this overarching regulatory philosophy. In 1975, OPS responded to a
8 letter from an operator regarding the microfilming of various corrosion
9 control records. After receiving the recordkeeping requirement inquiry, OPS
10 advised: “[t]his section does not prohibit the use of microfilming to preserve
11 the records nor does it require that the original documents be retained after
12 being put on film. The regulations do not require the certification of the
13 microfilm process.” PHMSA, PI-75-01 (October 21, 1975), letter interpreting
14 49 C.F.R. §192.491 from Cesar de Leon, Acting Director, OPS (RH-65).

15 Indeed, the OPS has in the past declined to adopt general standards
16 regarding the sufficiency of recordkeeping procedures or an operator’s
17 specific recordkeeping procedures unless legitimacy of the records was
18 questioned. In a letter dated August 5, 1993, OPS responded to an
19 operator’s request for guidance regarding the use of computers to store
20 information instead of paper records. OPS wrote that “[u]nder Parts 191 and
21 192, operators may use any recordkeeping procedure that produces
22 authentic records, without the prior approval of this agency.” PHMSA, PI-93-
23 047 (Aug. 5, 1993) (RH-66). In the same letter, OPS resisted an invitation to
24 review an operator’s procedures. It noted a practical problem in doing so:
25 The OPS had not provided any recordkeeping standards against which to
26 audit the adequacy of the operator’s procedures.

27 Although authenticity of records concerns us, for both
28 computer and paper records, *we do not believe there is*
29 *sufficient need to adopt generally applicable standards*
30 *governing recordkeeping procedures.* In the absence of
31 such standards, we ordinarily do not review an operator’s
32 recordkeeping procedures unless the legitimacy of

records is in question. Accordingly we have no comments at this time on the adequacy of your proposed standards.

Id. (emphasis added). In an early question regarding whether Section 192.603(b) required an operator to maintain maps of gas transmission or distribution systems, OPS responded in terms that echoed its flexible regulatory philosophy. “If an operator requires maps as records to properly administer the operating and maintenance plan to meet the Federal safety requirements, then these maps must be maintained by the operators.” PHMSA, PI-72-031 (July 17, 1972), letter interpreting §192.603(b) from Joseph C. Caldwell, Director, OPS (RH-67).

3. Federal Gas Safety Recordkeeping Provisions

This subsection summarizes federal recordkeeping rules in Part 192.¹⁰ In summary, the 1970 federal regulations introduced recordkeeping provisions related to testing, operation, maintenance, repair, MAOP determinations, uprating, and welding. A year later, the regulations added requirements for corrosion control records. New recordkeeping requirements were then not added until 1993, when recordkeeping requirements related to drug testing of pipeline personnel were promulgated. In 1994, additional operation and maintenance recordkeeping requirements were introduced, and in 1999, recordkeeping requirements related to personnel qualifications were instituted. In 2003, requirements for records of pressure tests to detect leaks were added. From the promulgation of the various recordkeeping requirements in the original 1970 regulations, there have not been many significant recordkeeping changes until the integrity management regulations were put into effect in 2004. In keeping with OPS’s philosophy, the recordkeeping provisions are generally not prescriptive or standard-based. Key recordkeeping requirements are summarized below

¹⁰ For ease of reference, a chart is attached to this Chapter as Appendix A. The chart summarizes some of the current Part 192 recordkeeping provisions.

1 **a. Pressure Test Records**

2 In Subpart J of the 1970 federal regulations addressing test
3 requirements, § 192.517 required operators to retain for the useful life of
4 the pipeline records of each strength test performed under § 192.505
5 (for steel pipeline operating at a hoop stress of 30% or more SMYS) and
6 under § 192.507 (for pipeline operating at a hoop stress less than 30%
7 of SMYS and at or above 100 psi). 35 Fed. Reg. at 13270 (RH-14).
8 Under § 192.517, each record was required to contain at least the
9 following elements: (1) the operator's name, the name of the operator's
10 employee responsible for making the test, and the name of any test
11 company used; (2) the test medium used; (3) the test pressure; (4) the
12 test duration; (5) pressure recording charts, or other record of pressure
13 readings; (6) elevation variations, whenever significant for the particular
14 test; and (7) leaks and failures noted and their disposition. The Final
15 Rule does not mention any comments on this recordkeeping
16 requirement or discuss any reasoning associated with its particulars.

17 **b. MAOP Records**

18 At Section 192.619, the 1970 regulation specified how to determine
19 the maximum allowable operating pressure. 35 Fed. Reg. at 13273
20 (RH-14). In 2008, PHMSA added regulations at § 192.620 permitting
21 determination of an alternative MAOP. 73 Fed Reg. 62174, 62177 (Oct.
22 17, 2008) (RH-68). Section 192.620(c) requires that operators maintain
23 for the life of the pipeline records demonstrating compliance with the
24 requirements under § 192.620 for making an alternative MAOP
25 determination. *Id.* As discussed above, OPS guidance on what records
26 operators must keep to substantiate MAOP has been practical. It has at
27 certain points instructed that affidavits may suffice instead of original
28 records, although that guidance has been variable. PI-86-005 (RH-57);
29 PHMSA April 1998 MAOP Guidance (RH-58); Final Order, CPF 4-2004-
30 1007(RH-59); PI-09-0021 (RH-60).

31 The 1970 regulations set out the requirements for operators to
32 uprate a pipeline, *i.e.*, increase its maximum allowable operating

1 pressure, at § 192.551 et seq. 35 Fed. Reg. at 13270-71 (RH-14). At §
2 192.553(b), the regulations required that operators who uprate a
3 pipeline segment retain for the life of the segment a record of each
4 investigation required by the regulations, of all the work performed, and
5 of each pressure test conducted in connection with the uprating. *Id.* at
6 13271. This uprating records requirement at § 192.553(b) has not
7 changed since it was issued in 1970.

8 **c. Operating and Maintenance Records**

9 The 1970 Subpart L, Operations, regulations require that an
10 operator “establish a written operating and maintenance plan” and “keep
11 records necessary to administer the plan.” 35 Fed. Reg. at 13272, 49
12 C.F.R. § 192.603 (RH-14). The “essentials” of an operating and
13 maintenance plan were set out at § 192.605, and included instructions
14 for employees for normal operations and maintenance, records required
15 under the Maintenance subpart, programs related to facilities that
16 present the greatest hazard, programs for conversions from low-
17 pressure to high-pressure systems, and provisions for periodic
18 inspections to ensure operating pressures were appropriate for the class
19 location. *Id.*, 49 C.F.R. § 192.605 (a) to (e). The elements required
20 under § 192.605 for an operating and maintenance plan remained the
21 same from 1970 until 1994. In 1994, OPS significantly revised §
22 192.605, reframing the provision to specify certain procedures that
23 operators must develop and include in a “[p]rocedural manual for
24 operations, maintenance, and emergencies.” 59 Fed. Reg. at 6584-85
25 (RH-64). The required procedures are divided into the categories of
26 “maintenance and normal operations,” 49 C.F.R. § 192.605(b);
27 “abnormal operation,” § 192.605(c) “safety-related conditions reports,”
28 49 C.F.R. § 192.605(d); and “surveillance, emergency response, and
29 accident investigation,” 49 C.F.R. § 192.605(e). The relationship of the
30 recordkeeping requirements to the beefed-up underlying requirements,
31 however, remained the same, as § 192.603 was merely rephrased to
32 state that each operator “shall keep records necessary to administer the

1 procedures established under § 192.605.” The provision does not
2 specify a retention period or prescribe the “records necessary to
3 administer the procedures.” The recordkeeping requirements under §
4 192.603 for complying with the maintenance of the “procedural manual”
5 have not changed since the 1994 amendment.

6 Section 192.112, added with the alternative MAOP provisions in
7 2008, states that for pipeline to be eligible for operation under the
8 alternative MAOP calculated under § 192.620 (which PG&E does not
9 use), a segment must meet certain design requirements and operators
10 must maintain for the life of the pipeline records demonstrating
11 compliance with those requirements. 73 Fed. Reg. at 62175-76 (RH-68).
12 Further, the segment must meet certain additional construction
13 requirements and § 192.328 requires that operators maintain records
14 demonstrating compliance for the lifetime of the pipeline. *Id.* at 62176-
15 77.

16 **d. Maintenance and Repair Records**

17 The 1970 regulations specified maintenance and repair records that
18 operators must keep for transmission lines at § 192.709 under Subpart
19 M. 35 Fed. Reg. at 13273 (RH-14). Operators were required to keep,
20 for as long as the transmission segment remained in service, records
21 covering each leak discovered, repair made, transmission line break,
22 leakage survey, and line break. *Id.* Those recordkeeping requirements
23 remained the same until 1996, when OPS replaced the requirements
24 with specified periods for three sets of documents. 61 Fed. Reg. 28770,
25 28786 (June 6, 1996) (RH-69). Under the amended version, § 192.709
26 requires an operator to keep records on the date, location and
27 description of each repair for as long as the pipe remains in service. 49
28 C.F.R. § 192.709(b). The operator must retain the same information for
29 repairs to parts of the pipeline system other than the pipe, but only for
30 five years. 49 C.F.R. § 192.709(c). Records of each patrol, survey,
31 inspection and test required by the Operations and Maintenance
32 Subparts must be retained for at least five years or until the next, patrol,

1 survey, inspection or test, whichever is longer. 49 C.F.R. § 192.709(c).
2 These requirements have not changed since the 1996 amendment.

3 **e. Steel Pipeline Conversion Records**

4 Should an operator choose to convert a steel pipeline previously
5 used in service not subject to Part 192 to qualify for service under the
6 part through meeting the requirements set out at § 192.14, added by
7 amendment in 1977, § 192.14(b) requires keeping records for the life of
8 the pipeline showing compliance with those requirements. 42 Fed. Reg.
9 60146, 6148 (Nov. 25, 1977) (RH-70).

10 **f. Welding Records**

11 Subpart E of the 1970 regulations set out the requirements for
12 welding of steel pipes. Section 192.225 specified “[q]ualification of
13 welding procedures,” with § 192.225(c) requiring that each welding
14 procedure be recorded in detail during the qualifying tests and that the
15 resulting record be retained and followed whenever the welding
16 procedure was used. 35 Fed. Reg. at 13265 (RH-14). The § 192.225(c)
17 requirement has remained the same since its promulgation, except for
18 the clarification added in a 1988 amendment that the results of the test
19 must be included in the record. 51 Fed. Reg. 20294, 20297 (June 4,
20 1986) (RH-71). When nondestructive testing of welds is required under
21 § 192.241(b), operators must retain records for the life of the pipeline
22 information regarding those tests, including the number of welds
23 rejected as a result. 49 C.F.R. § 192.243(f) 35 Fed. Reg. at 13266 (RH-
24 14). This requirement has not changed.

25 **g. Corrosion Control Records**

26 OPS decided to delay promulgating initial regulations regarding
27 corrosion control until the year following the issuance of the initial
28 regulations implementing the NSPGA. In 1971, OPS amended 49
29 C.F.R. 192 to add Subpart I, which specified requirements for corrosion
30 control. 36 Fed. Reg. 12297-12304 (June 30, 1971) (RH-72). Section
31 192.491 addressed corrosion control records. *Id.* at 12304. It required

1 that after July 31, 1972, each operator maintain, for as long as the
2 pipeline remained in service, records or maps showing the locations of
3 cathodically protected piping, galvanic anodes, cathodic protection
4 facilities, and neighboring structures bonded to the cathodic protection
5 system. 49 C.F.R. § 192.491(b)(1). The operator was also required to
6 retain for the life of the pipeline records of each test, survey or
7 inspection required by the subpart, in sufficient detail to demonstrate the
8 adequacy of corrosion control measures or that a corrosive condition did
9 not exist. 49 C.F.R. § 192.491(b)(2) (1971). Section 192.491's
10 requirements for corrosion control records remained the same, except
11 that in a 1996 amendment, OPS relieved operators of the burden of
12 making maps that would show the specific locations of every anode, and
13 also reduced the retention requirement to five years for the corrosion
14 test, survey, and inspection records required under § 192.491(b)(2). 61
15 Fed. Reg. at 28785 (RH-69). The lifetime retention requirement for
16 records or maps showing locations under § 192.491(b)(1) remained the
17 same, however. *Id.* Additionally, in 2007 PHMSA amended Part 192 to
18 require, at § 192.476, that internal corrosion control is integrated into the
19 design and construction of transmission pipelines. 72 Fed. Reg. 20059-
20 60 (April 23, 2007) (RH-73). Section 192.476(d) requires operators to
21 maintain records showing compliance with that requirement. *Id.* at
22 20060.

23 **h. Operator Qualification and Fitness Records**

24 Qualifications: In a 1999 amendment to 49 C.F.R. Part 192, OPS
25 inserted Subpart N, addressing qualifications of pipeline personnel. 64
26 Fed Reg. 46853, 46867 (Aug. 27, 1999) (RH-74). At § 192.807, OPS
27 added the requirement that operators maintain records demonstrating
28 compliance with the personnel qualifications subpart. *Id.* at 46865-66.
29 The records were required to include identification of the qualified
30 individuals, identification of the covered tasks the individual was
31 qualified to perform, the dates of the qualification of the individual, and
32 the qualification method. 49 C.F.R. § 192.807(a). The operators were

1 required to maintain the records while the individual was performing the
2 covered tasks. Records of prior qualifications of individuals and records
3 of individuals no longer performing covered tasks were to be retained for
4 five years. 49 C.F.R. § 192.807(b). The requirements of § 192.807 for
5 personnel qualifications recordkeeping have not changed since their
6 introduction in 1999.

7 Testing: In 1993, OPS amended 49 C.F.R. Part 199 to require
8 operators to submit reports on drug testing of pipeline personnel. 58
9 Fed. Reg. 68258-68272 (Dec. 23, 1993) (RH-75). The amendment
10 required that operators retain records showing positive drug test results,
11 records showing the type of test used, and records that demonstrated
12 rehabilitation. *Id.* at 68258-59, 49 C.F.R. § 199.23(a). The operators
13 were required to keep the records for at least five years. In 2003, the
14 requirements were amended at § 199.117 so that operators were
15 required to also retain records confirming that supervisors and
16 employees had been trained as required by the part. 68 Fed. Reg.
17 75455, 75465 (Dec. 31, 2003). (RH-76). Operators were required to
18 keep those training records for at least three years. *Id.* The drug testing
19 record requirements have not been changed since the 2003
20 amendment.

21 **i. Integrity Management Recordkeeping Requirements**

22 As described above, the federal regulators implemented new
23 complex requirements to assess pipeline risk and ensure pipeline safety
24 about a decade ago, as mandated by the Pipeline Safety Improvement
25 Act of 2002. Pub. L. No. 107-355, 116 Stat. 2985 (2002) (RH-26); 68
26 Fed. Reg. 69778-837 (Dec. 15, 2003) (RH-77). The Integrity
27 Management regulations set out recordkeeping requirements at §
28 192.947. 68 Fed. Reg. at 69827. The recordkeeping provision includes
29 the general requirement that an operator maintain, for the useful life of
30 the pipeline, records demonstrating compliance with Subpart O, the
31 Integrity Management regulations. 49 C.F.R. § 192.947. The operator
32 must also retain nine types of documents for review during an

1 inspection. Three of the required types could be characterized as
2 programmatic Integrity Management documents: a written Integrity
3 Management program in accordance with § 192.907; a written baseline
4 assessment plan in accordance with § 192.919; and the schedule
5 required by § 192.933 that prioritizes the conditions found during and
6 assessment for evaluation and remediation, including technical
7 justifications for the schedule. See 49 C.F.R. §§ 192.947(a), (c) & (f).
8 Two categories capture documents that support the programmatic
9 Integrity Management documents: documents supporting the threat
10 identification and risk assessment in accordance with § 192.917, and
11 documents to support any decision, analysis or process developed and
12 used to implement and evaluate each element of the baseline
13 assessment plan and Integrity Management program. See 49 C.F.R. §
14 192.947(d)). Two categories relate to direct assessment: documents to
15 carry out the requirements in § 192.923 through § 192.929 for a direct
16 assessment plan (§ 192.947(g)), and documents to carry out the
17 requirements in § 192.931 for confirmatory direct assessment (§
18 192.947(h)). One category targets documents demonstrating that
19 personnel have the required training and a description of the training
20 program, in accordance with the requirements of § 192.915 (§
21 192.947(e)). The final category is for verification documents
22 demonstrating that the operator has provided any documentation or
23 notification required by the Integrity Management regulations to OPS or,
24 when applicable, a state authority. § 192.947(i). The Integrity
25 Management recordkeeping requirements at § 192.947 have not
26 changed since their introduction in 2003.

27 * * * * *

28 **In summary**, three themes emerge from this discussion about
29 historical recordkeeping requirements. First, the recordkeeping
30 provisions in GO 112 & 112-A-112-E changed and became less
31 prescriptive over time. Second, federal regulations have dealt
32 pragmatically with the challenge that gas operators may lack complete

1 gas pipeline safety records. Third, federal regulators have declined to
2 impose detailed specified recordkeeping standards, leaving the rules
3 flexible.

4 **F. Regulatory Authorization to Dispose of Certain Gas Records** 5 **after Prescribed Retention Periods**

6 This section and the chart below trace the history of different record
7 retention provisions in federal and state law. Some of these provisions originate
8 in FPC orders that reach various categories of natural gas records, including
9 operational records. Others flow from Commission resolutions incorporating
10 and supplementing the FPC rules. As discussed below, a 1976 Commission
11 Resolution specifically addresses document retention periods for GO 112
12 records. Common to these orders and resolutions are rules specifying a
13 retention period for certain gas records after which the rules provide for the
14 discarding of records.

FIGURE 1-8
PACIFIC GAS AND ELECTRIC COMPANY
HISTORY OF RECORD RETENTION PROVISIONS IN FEDERAL AND STATE LAW

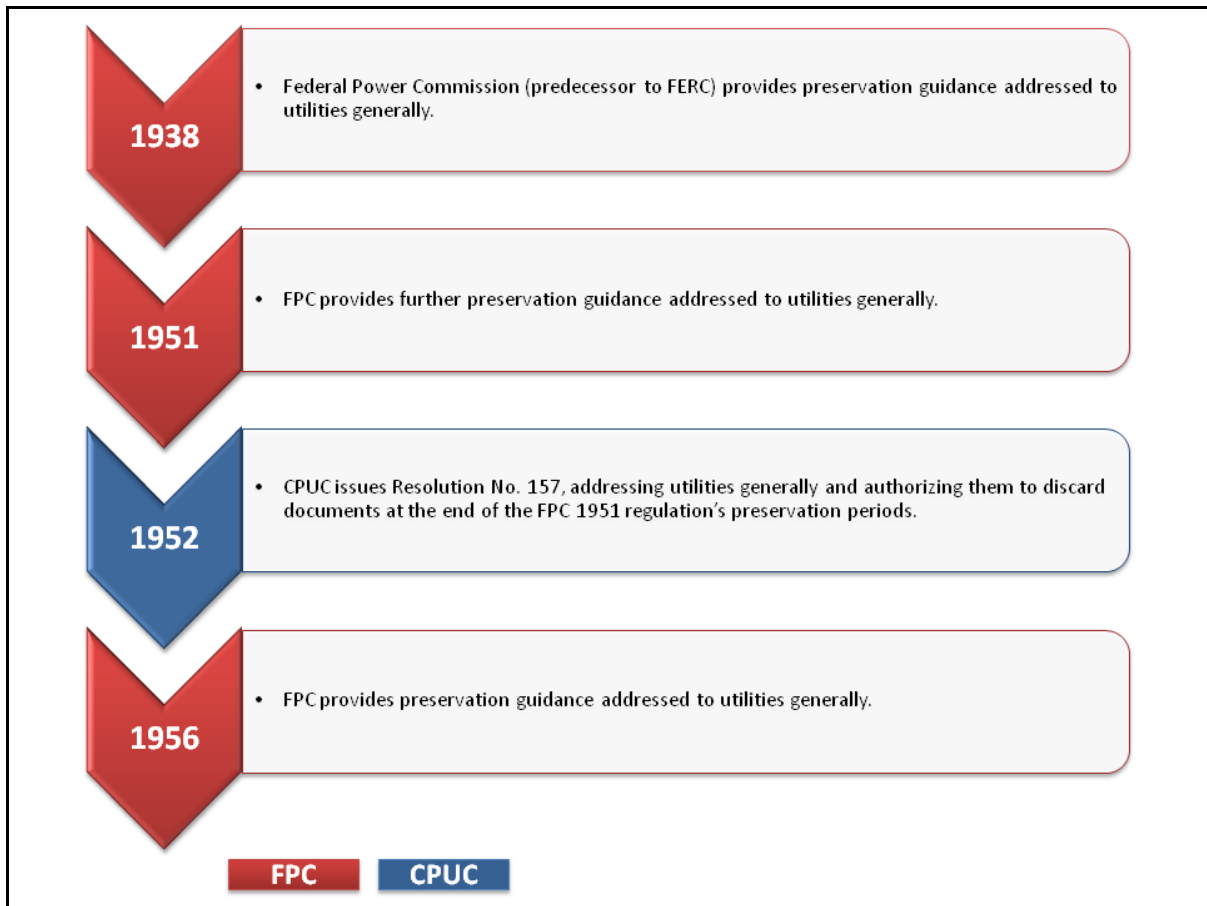
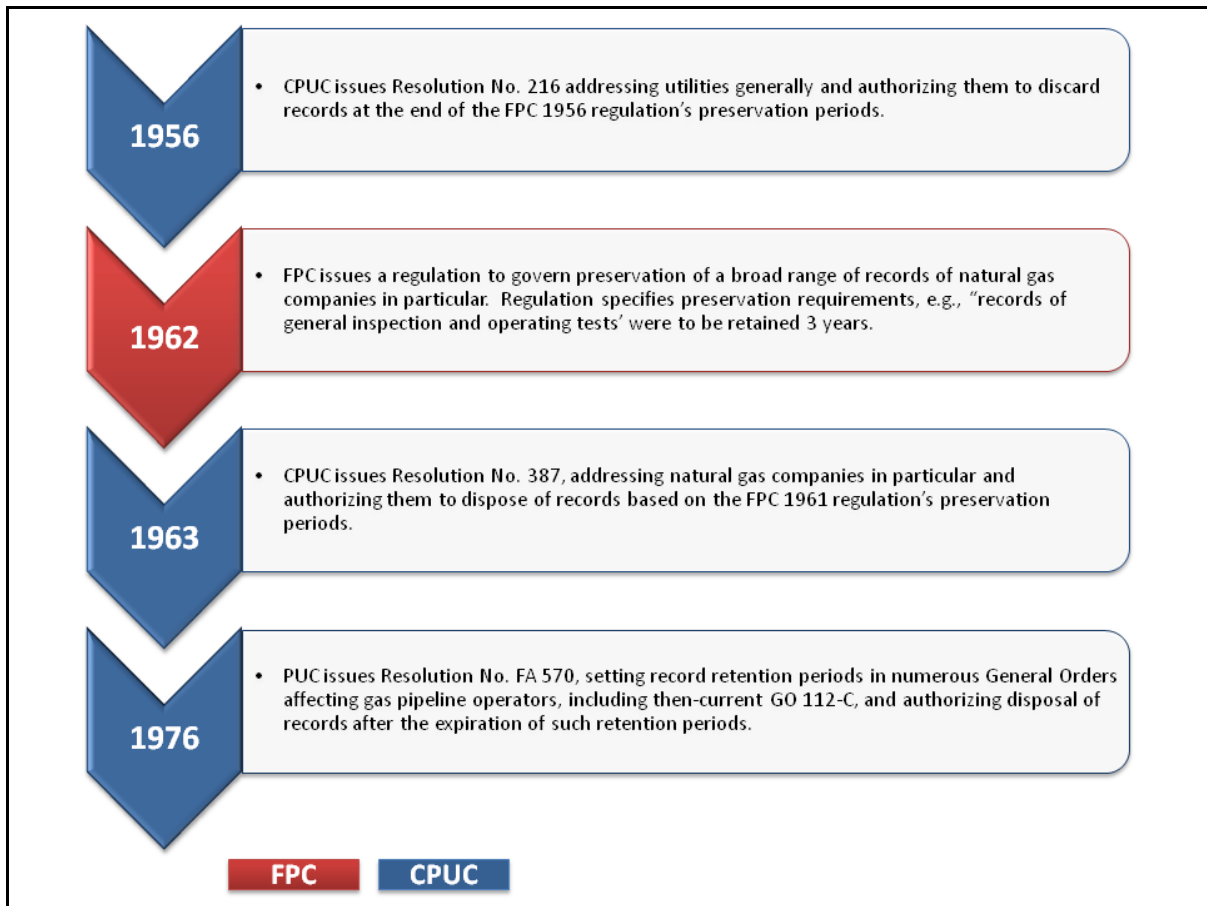


FIGURE 1-9
PACIFIC GAS AND ELECTRIC COMPANY
HISTORY OF RECORD RETENTION PROVISIONS IN FEDERAL AND STATE LAW



At various times prior to 1962 – specifically in 1938, 1951 and 1956 -- the FPC provided record preservation guidance to utilities (as opposed to natural gas companies). Beginning in December 1962, the FPC issued a regulation entitled “Regulations to Govern the Preservation of Records of Natural Gas Companies.” 27 Fed. Reg. Reg. 12241-52 (RH-51). The regulation (18 C.F.R. Part 225) applied to natural gas companies within the FPC’s jurisdiction and its scope included “all books of account and other records prepared by or on behalf of the natural gas company.” *Id.* at 12242. Through the years, Part 225 has been amended -- in 1972, 1982, 1983, 1986 and 2000. As modified, the Part 225 regulations remain in effect today.

The original Section 225.3 of Part 225 included an Index to Schedule of Records and Periods of Retention. See 18 C.F.R. § 225.3. The Index listed

1 record retention periods for a broad range of natural gas company documents.
 2 Many of these related to corporate, accounting and purchase records. But some
 3 related to gas operations. The table below depicts the original preservation
 4 periods for Index Number 59.2 (Operations – Transmission and Distribution –
 5 Gas) and summarizes key regulatory changes to those provisions:

**TABLE 1-2
 PACIFIC GAS AND ELECTRIC COMPANY
 PRESERVATION PERIODS FOR INDEX NUMBER 59.2**

Description of Records	Period to be Retained	Microfilm¹¹ Indicator	Subsequent History
(a) transmission line logs	3 years	M	Relabeled in 2000 as "Substation and transmission line log" and amended to reflect that if the measurement data have not been disputed or adjusted, destroy after 1 year
(b) Transmission and distribution department dispatching operating logs	Do [ditto]	M	Relabeled in 2000 as "System operator's logs and reports of operation and amended in 2000 to provide that if the measurement data have not been disputed

11 The reference to "Microfilm Indicator" was a reference to a provision allowing certain records to be microfilmed and the film retained in lieu of the original records. See 18 C.F.R. § 225.1(e).

Description of Records	Period to be Retained	Microfilm¹¹ Indicator	Subsequent History
			or adjusted, destroy after 1 year
(c) Service interruption logs and reports	6 years		Deleted in 1983
(d) Records of general inspection and operating tests	3 years	M	Deleted in 1983
(e) Reports and inspections and repairs of all street openings	6 years	M	Deleted in 1983
(f) Apparatus failure reports	Do [ditto]	M	Deleted in 1983
(g) Records of meter tests	Until superceding test, but not less than two years or as may be necessary to comply with service rules regarding refunds on fast meters	Deleted in 1983
(h) Meter history records	For life of meter (see <i>a/so</i> item 59.2(g))	M	Deleted in 1983
(i) Meter shop reports (monthly shop reports summarizing tests, repairs, etc.	6 years	M	Retention period reduced to 3 years in 1972 amendments and subsequently deleted in 1983 amendments
(j) Gas measuring records	Do [ditto]	M	Amended in 1972 regulatory amendments to

Description of Records	Period to be Retained	Microfilm ¹¹ Indicator	Subsequent History
			provide a 1 year retention period. Relabeled in 2000 as “(c)” and amended to reflect that if the measurement data have not been disputed or adjusted, destroy after 1 year
(k) Transmission line operating reports	Do [ditto]	M	Amended in 1972 regulatory amendments to provide for a 3 year retention period. Relabeled in 2000 as “(d)” and amended to reflect that if the measurement data have not been disputed or adjusted, destroy after 1 year.
(l) Compressor operation and reports	Do [ditto]	M	Relabeled as “(e)” in 2000 and amended to provide that if the measurement data have not been disputed or adjusted, destroy after 1 year.
(m) Gas pressure	Do [ditto]	M	Deleted in 1983

Description of Records	Period to be Retained	Microfilm ¹¹ Indicator	Subsequent History
department reports			
(n) Recording instrument charts such as pressure (static and differential), temperature, specific gravity, heating value, etc.	3 years, except that where the basic information is transferred to another record, the charts need only be retained for 1 year provided the basic chart data is retained for 3 years	M	Amended in 1972, and relabeled in 2000 as “(f)” and further amended to provide that if the measurement data have not been disputed or adjusted, destroy after 1 year

Id. at 12247-51. Records not identified in the Part 225.3 table could be disposed of at the option of the natural gas company, provided, however:

That records which are used in lieu of those listed shall be preserved for the periods prescribed for the records used for substantially similar purposes, *And, provided further*, that retention of records pertaining to added services, functions, plant, etc., the establishment of which cannot be presently foreseen, shall conform to the principles embodied herein.

Id. at 12251 (emphasis in original).

In turn, beginning no later than the 1950s, the Commission repeatedly issued Resolutions authorizing the disposal of certain kinds of records at the expiration of the preservation periods prescribed in the FPC’s regulations. It issued such a resolution in 1952, (Resolution No. 157, issued July 22, 1952) (RH-78), again in 1956 (Resolution No. 216, issued Jan. 16, 1956) (RH-79) and again in 1963, (Resolution No. 387, issued Oct. 22, 1963) (RH-80). The 1952 and 1956 resolutions were addressed generally to utility records. The 1963 Resolution, in contrast, specifically addressed Part 225 records of natural gas

companies. The Resolution provided that gas companies operating in California under the jurisdiction of the Commission may dispose of records at the expiration of the retention periods prescribed in the Federal Power Commission's December, 1962 Regulations discussed above. *Id.*

The Commission's 1963 Resolution did not explicitly reference GO 112. Nonetheless, by authorizing the disposal of records at the expiration of the retention periods specified in the 1962 FPC regulations, which regulations broadly address "all books of account and other records prepared by or on behalf of the natural gas company," including gas operations records, the scope of 1963 Resolution appears to have reached at least some records of the kind within GO 112's scope.¹²

Later, the Commission would provide explicit guidance for GO 112 records. On August 3, 1976, the Commission issued Resolution No. FA 570 (RH-81). The Resolution set retention periods for records requirements contained in numerous GOs governing gas and electric operations, including GO 112-C. In addressing GO-112-C, the Resolution provided in part:

**TABLE 1-3
PACIFIC GAS AND ELECTRIC COMPANY
RESOLUTION NO. FA 570 RECORDS RETENTION PROVISIONS**

General Order	Utility Affected	Retention Period	Record
G.O. 112-C	Gas	5 Years	Reports on operation and

¹² General Order 28 also addresses the preservation of records of public utilities and common carriers. However, its provisions are addressed to financial and corporate records: voucher register or accounts payable ledger; accounts receivable register, or ledger inventories; vouchers and papers supporting all deeds and title papers; trial balances of all ledgers; general and auxiliary ledgers; general and auxiliary journals; general and auxiliary cash books; all cash papers and journal entries; capital stock ledger, journal stubs and all records pertaining thereto; annual reports; minute books; all records, contracts estimates and memoranda pertaining to the original cost of property and to Additions and Betterments; all records pertaining to depreciation and replacement of equipment and plant.

			maintenance studies and location class changes (Sections 141.4 and 5)
		5 Years	Records for establishing compliance (Section 121.1) Retain for 5 years, twice the maximum interval between compliance actions as specified in the rule, or the retention periods specified in the rule, whichever is longest
		2 years	Recording pressure gauge charts (Section 192.741)

1

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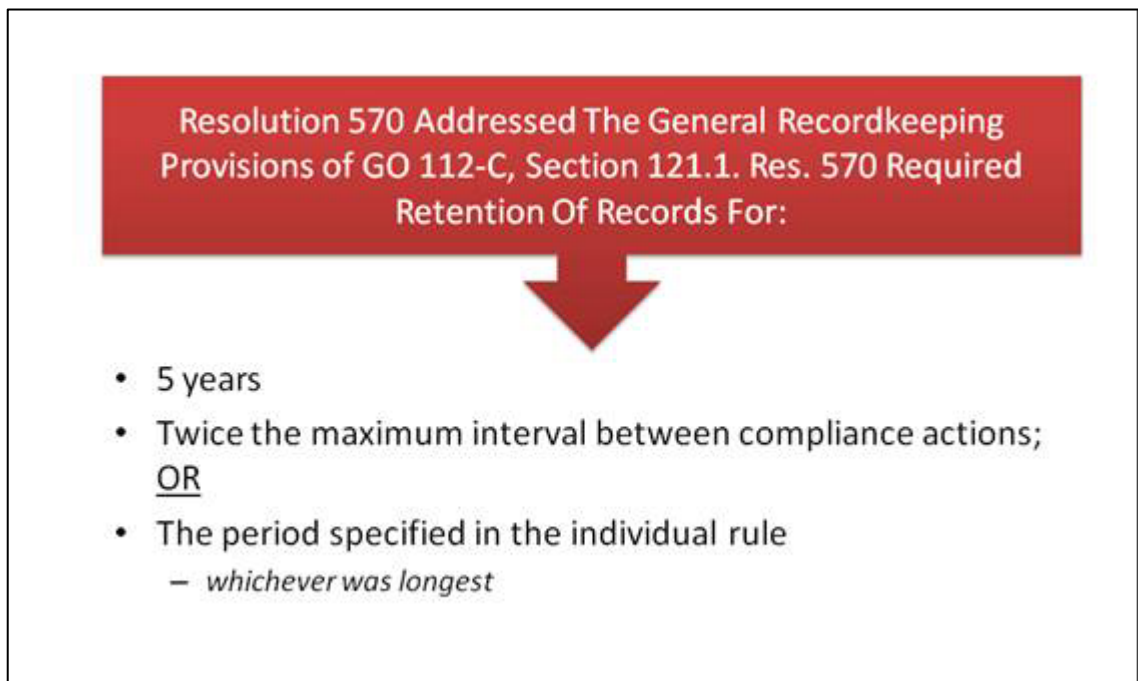
8

The Resolution added a document disposal provision similar to those seen in FPC Part 225 and older Commission resolutions: records “may be disposed of after the expiration of such retention periods.” *Id.*

One of the specific provisions of GO 112-C that was qualified by the 1976 Resolution was Section 121.1. It formerly provided in relevant part: “the responsibility for the maintenance of necessary records to establish that compliance with these rules has been accomplished rests with the utility.” (RH-

32).¹³ As to this broad category of records, the 1976 Resolution provided the following retention periods:

FIGURE 1-10
PACIFIC GAS AND ELECTRIC COMPANY
1976 RESOLUTION DOCUMENT RETENTION PROVISIONS



Taken together, Section 121.1 of GO 112-C and the 1976 Resolution record retention provision that qualifies it cover a number of gas safety records. The reference to Section 121.1 in GO 112-C means that the 1976 Resolution's retention periods apply to all records necessary for establishing compliance with GO 112-C. In the case of records for which Section 121.1 of GO 112-C does not prescribe a record retention period, the 1976 Resolution authorizes the disposal of all such records after they have been retained for five years. (RH-81). An example of this kind of record might be records created pursuant to § 192.605(e) of the federal regulations, which requires that an operations and maintenance plan provide for periodic inspections to ensure that operating

¹³ The 1976 Resolution reconsidered and superseded an earlier Commission Resolution (FA-554) that the Commission had initially adopted following the 1972 amendments to the FPC document retention regulations.

1 pressures are appropriate to the class location. The Resolution also addresses
2 necessary records for which the retention period is specified in a federal rule.
3 For these records, the retention period is as specified. See, e.g., §§ 192.491(a)
4 – (c); 192.517(a), (b); 192.553(b); 192.709(a), (b), (e); 192.807(b), (requiring
5 certain records to be maintained for either five years or the useful life of a
6 pipeline) (RH-81). The Resolution also addresses necessary records of actions
7 for which there is some logical interval between recordable events. An example
8 might be the many intervals in Subpart M of Part 192 between required
9 maintenance procedures (RH-81).

10

**Appendix A: A Summary of Current Part 192
Federal Pipeline Safety Recordkeeping Requirements**

Applicable Regulation	Recordkeeping Provision
Subpart A - General	
§ 192.14	When an operator converts a steel pipeline previously used in service not subject to Part 192, operator must retain records for life of pipeline compliance with requirements for conversion. 49 C.F.R. § 192.14(b).
Subpart E- Welding	
§ 192.225; § 192.243	<p>Retain records of qualifications of welding procedures as long as procedure used. 49 C.F.R. § 192.225(b).</p> <p>Retain records of nondestructive testing of welds under 49 C.F.R. § 192.241(b) for life of pipeline, including number of welds rejected. 49 C.F.R. § 192.243(f).</p>
Subpart I - Corrosion Control	
§ 192.476	Maintain records demonstrating that internal corrosion control is integrated into the design and construction of the pipeline. 49 C.F.R. § 192.476(d).
§ 192.491	<p>For the life of the pipe, maintain records and maps showing location of cathodically protected piping, facilities, anodes, etc. 49 C.F.R. §§ 192.491(a), (b).</p> <p>Test, survey and inspection data required under the regulations that demonstrate compliance with the regulations must be retained for at least 5 years, with exceptions for records required by 465(a) and (e), and 475(b). 49 C.F.R. § 192.491(c).</p>
Subpart J - Pressure Tests	
§ 192.517	<p>Maintain for the life of the pipeline a record of tests performed under Sections 505 (strength testing for steel pipeline to operate at a hoop stress of 30% or more of SMYS) and 507 (test requirements for pipelines to operate at a hoop stress less than 30% of SMYS and at or above 100 psi. Records should include (1) operator and employee identification; (2) test medium used; (3) test pressure; (4) test duration; (5) pressure recording charts or readings; (6) elevation variations, when significant; and (7) leaks and failures and their dispositions. 49 C.F.R. § 192.517(a).</p> <p>Maintain all other records regarding low pressure, plastic or service lines for 5 years. 49 C.F.R. § 192.517(b).</p>

Applicable Regulation	Recordkeeping Provision
Subpart K – Upgrading	
§ 192.553	Retain for life of pipeline each investigation required for upgrading, including all work performed, and all pressure tests conducted. 49 C.F.R. § 192.553(b).
Subpart L – Operations and MAOP	
§ 192.603	General provision requiring that each operator “keep records necessary to administer the procedures” set forth in the required Operations and Maintenance manual. 49 C.F.R. § 192.603(b).
§§ 192.619; 620 (MAOP and alternative MAOP for transmission lines).	For pipelines operating subject to alternative MAOP determination under § 192.620, maintain for life of pipeline: (a) records demonstrating compliance with certain design requirements under for alternative MAOP determination (§ 192.620(c)); (b) records demonstrating meet additional construction requirements (§ 192.328); and (c) records demonstrating compliance with requirements under § 192.620 for making alternative MAOP determination. 49 C.F.R. § 192.620(c).
Subpart M – Maintenance and Repair	
§ 192.709	<p>Maintain for the life of the pipe records of repair (including date, location and description of repair). 49 C.F.R. § 192.709(a).</p> <p>Maintain for at least five years repair records for non-pipe components. 49 C.F.R. § 192.709(b).</p> <p>Maintain for at least five years records of patrols, surveys, inspections and tests (and any related repairs) required by Operations and Maintenance regulations. 49 C.F.R. § 192.709(c).</p>
Subpart N - Qualification of Pipeline Personnel	
§ 192.807	<p>Maintain records that demonstrate compliance with qualification requirements, including identification of qualified operators, covered tasks, dates of current qualifications and qualification methods. 49 C.F.R. § 192.807(a).</p> <p>Records supporting prior qualification and records of individuals no longer performing covered tasks current qualification need only be maintained for 5 years. 49 C.F.R. § 192.807(b).</p>
Subpart O - Integrity Management	
§ 192.947	<p>For the life of the pipeline, operator must maintain records that demonstrate compliance with the IM regulations, including at least the following:</p> <ul style="list-style-type: none"> • Written IM program • Documents supporting threat identification and risk assessment • Written baseline assessment plan • Back-up documentation for any decision, analysis and process

Applicable Regulation	Recordkeeping Provision
	<p>used to implement and evaluate each element of the BAP and IM program.</p> <ul style="list-style-type: none"> • Documentation of personnel training • Schedule for prioritizing conditions found in assessments, including technical justification • Documents to carry out direct and confirmatory assessment plans • Verification of any documentation or notice required to be made to CPUC and/or OPS <p>49 C.F.R. § 192.947(a)-(i).</p>
Part 199- Drug Testing	
§§ 199.17; 199.23	<p>Retain for at least three years records demonstrating supervisors and employees received required training. 49 C.F.R. § 199.17.</p> <p>Retain for at least five records regarding positive drug tests of covered pipeline personnel. 49 C.F.R. §§ 199.23(a).</p>

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 2

RECORD RETENTION POLICIES

1 Pursuant to the Assigned Commissioner and Administrative Law Judge's Ruling
2 Extending Deadlines for Production of Documents and Setting Prehearing
3 Conference (03/24/11), PG&E submits concurrently with this filing "copies of its
4 record retention policy" for the "various categories of documents" requested as of
5 the end date of Request No. 2 (*i.e.*, as of August 2010).¹

6 As of August 2010, PG&E's overarching or umbrella retention policy was Utility
7 Standard Policy (USP) 4, "Record Retention and Disposal" (Attachment #1, PG&E
8 Response to OII Paragraph 2 ("P2-1")). As USP 4 explains, "[e]ach [PG&E] officer
9 ensures that records in his or her organization are retained as required by law,
10 regulation, or sound business practices and are disposed of properly at the end of
11 appropriate retention periods." *Id.* at 1. Officers "ensure that their organizations
12 adhere to record retention periods set by relevant laws and regulations They
13 may set longer retention periods than legally are required in order to meet
14 administrative, operating, or claims-related needs." *Id.* at 2.

15 Underlying USP 4 are other documents, including the Utility's "Guide to Record
16 Retention" (Guide) (P2-2), which contains more detailed record retention
17 information broken down by operational area. Additionally, PG&E's "Records
18 Retention and Disposal Guidance for Transmission & Distribution Systems" (T&D
19 Guidance) (P2-3) was issued by Engineering and Operations and by Energy
20 Delivery pursuant to USP 4. Finally, retention period guidance is also found within
21 other PG&E gas transmission documents. These documents are being produced
22 as P2-5 to P2-190 along with an accompanying index.²

¹ PG&E will produce historic and prior versions of its gas transmission safety record retention policies on a rolling basis pursuant to the rolling production schedule.

² USP 4 expired in October 2010 and was effectively replaced by Gov-7001S, which PG&E is producing as part of this production for context (P2-4).

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
DISCUSSION OF SPECIFIED NTSB REPORTS

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
DISCUSSION OF SPECIFIED NTSB REPORTS

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PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
DISCUSSION OF SPECIFIED NTSB REPORTS

A. Introduction

In OII Directive 1, the Commission directs PG&E to “[l]ist each factual contention stated, and conclusion reached, by the NTSB reports (Appendix A, B, C) that PG&E contends is incorrect, and provide support for PG&E’s position.” OII at 17. Appendices A, B, and C are, respectively: (A) NTSB Preliminary Report, issued October 13, 2010; (B) NTSB Safety Recommendations P-10-1 through P-10-7, issued January 3, 2011; and (C) NTSB Materials Laboratory Factual Report, report No. 10-119, dated January 21, 2011.

This OII is currently focused on PG&E’s records and recordkeeping practices and policies. As stated in its prehearing conference statement, PG&E understands OII Directive 1 to “call for PG&E to respond to the NTSB ‘findings’ with respect to PG&E’s gas pipeline records....” See PG&E’s Prehearing Conference Statement, filed March 15, 2011, at 3. Consistent with the scope of this records OII, PG&E responds to Directive 1 by identifying those “factual contentions” in the specified NTSB reports that are related to records and recordkeeping and are incorrect, incomplete or otherwise inaccurate.

PG&E responds to each of the NTSB documents specified by the Commission in the following sections.

B. Discussion

PG&E appreciates the opportunity to address the factual determinations the NTSB has made and that the NTSB will make at the conclusion of its investigation. At this time, the NTSB has not completed its investigation and has not issued its final report or reports, which will contain the NTSB’s final factual determinations and conclusions, in particular with respect to the probable root cause and contributing causes. Until the NTSB issues those final determinations, a comprehensive discussion of the correctness of the NTSB’s factual contentions and conclusions is not only beyond the current focus of this proceeding, it is premature.

1. NTSB Preliminary Report, Dated October 13, 2011

The October 13, 2010 Preliminary Report contains no factual contentions related to PG&E's records and/or recordkeeping practices and policies.¹

Given its timing in relation to the San Bruno tragedy, the October 13, 2010 Preliminary Report is necessarily summary in nature and limited in its detail. Subsequently, on March 1, 2011, the NTSB publicly disclosed its Operations Group Chairman Factual Report. See Operations Group Chairman Factual Report, dated February 10, 2011, NTSB Docket No. SA-534, Ex. 2-A (hereinafter *Operations Group Report*). The Operations Group Report provides significant additional information and detail regarding the San Bruno tragedy. At the end of August or beginning of September 2011, PG&E expects the NTSB will issue its final report addressing the Line 132 rupture, which will include the NTSB's final statements regarding the pertinent facts, as well as the NTSB's probable root cause determination. To the extent the NTSB's final report addresses PG&E's records and recordkeeping, PG&E will be able to provide at that time a comprehensive and detailed response to the NTSB's factual statements and conclusions related to PG&E's records and recordkeeping practices and policies.

2. NTSB Safety Recommendations P-10-1 Through P-10-7

On January 3, 2011, the NTSB issued Safety Recommendations P-10-1 through P-10-7 (hereinafter *Safety Recommendations*). PG&E does not know whether the NTSB considers the statements in the Safety Recommendations to be "factual" statements of record in its investigation.

In addition, much of the content of the Safety Recommendations relates to NTSB recommendations to entities other than PG&E; the NTSB's interpretation of regulations and laws; or the NTSB's views, assumptions or opinion on factual or legal matters including the implications to be drawn from the GIS records discrepancy identified by the NTSB. With respect to

¹ In so responding, PG&E does not concede that the factual statements in the October 13, 2010 Preliminary Report are correct, accurate, or complete. However, none of those factual statements are related to PG&E's records and/or recordkeeping practices and policies.

1 such content, PG&E does not believe it is appropriate to respond or
2 comment while the NTSB's investigation continues.

3 Having said that, PG&E acknowledges that the Safety
4 Recommendations derive from the record discrepancy identified by the
5 NTSB, and discussed further in Chapter 5. As such, the Safety
6 Recommendations are within the scope of the records OII. In accordance
7 with OII Directive 1, PG&E responds below to the statements in the Safety
8 Recommendations that are clearly NTSB factual statements regarding
9 PG&E's records and recordkeeping policies and practices.

10 Statement 1: According to PG&E as-built drawings and alignment
11 sheets, Line 132, . . . was constructed using 30-inch-diameter seamless
12 steel pipe. . . ." Safety Recommendations at 1.

13 Response: The statement regarding PG&E's "as-built drawings" is
14 inaccurate. The job file documents for Segment 180 indicate, correctly, that
15 Segment 180 was constructed using 30-inch double submerged arc welded
16 (DSAW) pipe. See, e.g., Pipe Order and Receipt Forms (Attachment #1,
17 PG&E Response to OII Paragraph 1 ("P1-1")); PG&E 1967 Material Code
18 List (P1-2). As discussed in Chapter 5, a Pipeline Survey Sheet created
19 years later incorrectly stated that Segment 180 was constructed with 30"
20 seamless pipe, an error that was carried over to PG&E's Geographical
21 Information System ("GIS").

22 Statement 2: "The NTSB's examination of the ruptured pipe segment
23 and review of PG&E's records revealed that although the as-built drawings
24 and alignment sheets mark the pipe as seamless API 5L Grade X42 pipe,
25 the pipeline in the area of the rupture was constructed with longitudinal
26 seam-welded pipe." Safety Recommendations at 1-2.

27 Response: See Response No. 1, above. In addition, the material codes
28 contained in the job file documents identify the pipe as Grade X-52, not X-
29 42, pipe. See PG&E 1967 Material Code List (P1-2).

30 **3. NTSB Materials Laboratory Factual Report, Report No. 10-** 31 **119, Dated January 21, 2011**

32 The January 21, 2011 NTSB Materials Laboratory Factual Report
33 (hereinafter *January 2011 Metallurgy Report*) does not relate to the subject
34 matter of this OII, namely, PG&E's records and recordkeeping. The January

1 2011 Metallurgy Report details the testing and investigation of the ruptured
2 pipe section (and adjacent pipe sections) involved in the San Bruno
3 accident. PG&E's records and recordkeeping practices and policies are not
4 addressed in this report. There are no NTSB "factual contention[s] stated,
5 and conclusion[s] reached," in the January 2011 Metallurgy Report that are
6 within the scope of the OII.

7 Moreover, as with the October 13, 2010 Preliminary Report, the NTSB
8 has issued a subsequent metallurgy report supplementing the January 2011
9 Metallurgy Report. See Metallurgy Group Chairman Factual Report,
10 Materials Laboratory Factual Report, report No. 11-005, dated February 9,
11 2011, NTSB Docket No. SA-534, Ex. 3-B. PG&E also anticipates that the
12 NTSB will release with its final report(s) an update or further supplement to
13 its prior metallurgy reports. To the extent a final metallurgy report is relevant
14 to this records OII, PG&E welcomes the future opportunity to respond in
15 detail to the relevant content in that report.

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 4

**THE RECORD DISCREPANCY DID NOT IMPACT PG&E'S RISK
MANAGEMENT TREATMENT OF SEGMENT 180 OR LINE 132
AND, THUS, DID NOT MAKE THE SAN BRUNO PIPELINE
RUPTURE PREVENTABLE**

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 4
THE RECORD DISCREPANCY DID NOT IMPACT PG&E’S RISK MANAGEMENT
TREATMENT OF SEGMENT 180 OR LINE 132 AND, THUS, DID NOT MAKE THE
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1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **CHAPTER 4**
3 **THE RECORD DISCREPANCY DID NOT IMPACT PG&E’S RISK**
4 **MANAGEMENT TREATMENT OF SEGMENT 180 OR LINE 132 AND,**
5 **THUS, DID NOT MAKE THE SAN BRUNO PIPELINE RUPTURE**
6 **PREVENTABLE**

7 **A. Introduction and Scope**

8 In OII Directive 5, the Commission poses the following question: “Does
9 PG&E contend that the September 9, 2010 San Bruno pipeline rupture was
10 unpreventable by the exercise of prudent utility safety care?” OII at 19.
11 Investigating that broad question may (after the NTSB issues its report(s)) be
12 included in the scope of this proceeding. 3/17/2011 R.T. 11:28-12:8. But at this
13 point it is premature.

14 Nonetheless, PG&E believes it can respond now with respect to the record
15 discrepancy that is the subject of Directive 6. That is, PG&E’s Geographical
16 Information System (GIS) identified the pipe in Segment 180 as seamless
17 instead of longitudinally welded. To determine whether the San Bruno rupture
18 was unpreventable regardless of the record discrepancy, one needS to evaluate
19 whether the record discrepancy impacted PG&E’s risk management treatment of
20 Segment 180. So framed, the question becomes whether the correct seam type
21 information in GIS would have changed PG&E’s assessment methodology to
22 one focused on long seam threats that may have detected the long seam defect
23 in Segment 180 and potentially prevented the September 9, 2010 San Bruno
24 pipeline rupture. The short answer to that question is “no.”

25 **1. The GIS Record Discrepancy**

26 PG&E’s GIS database described the pipe in Segment 180 of Line 132
27 as “seamless.” In fact, the pipe in Segment 180 was longitudinally welded.
28 As the NTSB has stated, and PG&E does not dispute, the seam type
29 information in PG&E’s GIS database was incorrect with respect to Segment

180.¹ See Chapter 5 (PG&E's Response to OII Directive 6) for a discussion of how the error in GIS likely came into existence.

2. The Record Discrepancy Did Not Impact PG&E's Risk Management Treatment of Segment 180 or Line 132

Segment 180 on Line 132 was relocated in 1956 to facilitate new residential development in San Bruno. See Job Document (P5-2). Project documents show that the construction called for 30" O.D. x .375" wt DSAW steel pipe. See Pipe Order and Receipt Forms (P5-3). DSAW, or Double Submerged Arc Welded pipe, has a longitudinal seam that is welded from both the outside and the inside of the pipe. The NTSB has confirmed that the exposed pipe remaining in the ground at the rupture location on Segment 180 is DSAW pipe.² See, e.g., NTSB Materials Laboratory Report, report No. 10-119, dated January 21, 2011, NTSB Docket No. SA-534, Ex. 3-A, at ¶ 3, 62, & 70.

PG&E's research suggests that the pipe used on Segment 180 was pipe remaining from one or more of three earlier purchase orders of 30" pipe from Consolidated Western Pipe: 1948 (~100,000 ft for Line 132); 1949 (~100,000 ft for Line 153); and 1953 (~37,000 ft for Line 131). See Potential Sources of Segment 180 Pipe (P5-4). A Moody Engineering Mill Inspection Report for the pipe purchased in 1949 described the welding of the long seam as follows:

"The cylinders are then progressed through the Berkley Welding Units, where the longitudinal seam is automatically welded on the outside by the "Unionmelt" Electric Fusion method. A similar "Unionmelt" weld is also made along this seam on the inside by the Inside Welding Units. Each of these welds is regulated to penetrate to a minimum of 2/3 of the plate thickness from each side, thereby resulting in an overlap,

¹ Generally, the pipe specification information in GIS related to Segment 180 and Line 132 as a whole was accurate. See, e.g., Pipeline Survey Sheet (Attachment #1, PG&E Response to OII Paragraph 5 ("P5-1")).

² The NTSB also has confirmed that the "pups" in the pipe section that failed contain longitudinal seams, but it has not issued a conclusion regarding the type or types of those welds. See NTSB Materials Laboratory Report, report No. 10-119, dated January 21, 2011, NTSB Docket No. SA-534, Ex. 3-A, at ¶ 6, 11-13, & 63-69.

1 or tie, of these two welds in the middle third of the wall
2 thickness of the cylinder.”

3 Moody Mill Inspection Report (P5-5).

4 Consistent with both the federal regulations (49 CFR 192 Subpart O)
5 and ASME B31.8, PG&E’s risk management program assigns DSAW pipe
6 the highest “joint efficiency factor” of 1 with respect to long seam threats.
7 See 49 CFR § 192.113; see, e.g., PG&E RMP-05 at 6 (P5-6); PG&E RMP-
8 06 at 28 (P5-7). When applied in the regulatory design formula for steel
9 pipe, or a relative risk management algorithm for integrity management
10 purposes, the treatment of DSAW pipe is identical to that of seamless pipe
11 of the same wall thickness and yield strength. See 49 CFR §§ 192.105 &
12 192.113.³

13 PG&E’s integrity management program is designed to assess for threats
14 that are anticipated to potentially materialize. See, e.g., PG&E RMP-6 at ¶
15 17-19, 26-29 (P5-7). Prior to the accident in San Bruno, there was no
16 indication within the industry to suggest that DSAW pipe would present a
17 long seam threat necessitating a long seam assessment.⁴ See 49 CFR
18 192.113, 192.917(e). (In light of the San Bruno tragedy, PG&E is taking any
19 new information into account and continues to evaluate its integrity
20 management program to ensure that all potential pipeline threats are most
21 effectively assessed.)

22 As a result, had GIS identified the pipe in Segment 180 as being DSAW,
23 instead of seamless, it would not have changed the integrity management
24 assessment methodology PG&E determined was most appropriate. PG&E
25 twice used Direct Assessment methodologies because internal or external
26 corrosion and stress corrosion cracking were threats that reasonably could
27 be expected to exist on Line 132. Even had GIS stated that Segment 180
28 contained DSAW pipe that would not have led to the conclusion that the use

³ The federal regulations do not distinguish between DSAW and SSAW (Single Submerged Arc Welded) pipe for purposes of joint efficiency factors and long seam threats. Both are assigned a joint efficiency factor of 1 under the category of “Submerged arc welded” pipe. See 49 CFR 192.113.

⁴ Nor had there been a prior long seam leak on Segment 180.

1 of a long seam threat assessment tool, instead of or in addition to Direct
2 Assessment, was either necessary or warranted.⁵

3 Thus, that GIS described the ruptured pipe section as “seamless” did
4 not affect the risk management analysis or assessment methodology on
5 Segment 180 or Line 132. The correct DSAW seam designation in GIS
6 would not have changed PG&E’s assessment methodology to one focused
7 on long seam threats that may have detected the long seam defect in
8 Segment 180 and potentially prevented the September 9, 2010 San Bruno
9 pipeline rupture.

⁵ In fact, GIS and the Pipeline Survey Sheet also erroneously identified the pipe in Segment 180 as having a yield strength of X-42, or 42,000 psi; the material codes in the Segment 180 job file reflect X-52, or 52,000 psi, pipe. Had GIS contained the yield strength indicated by the material codes, the safety margin in Segment 180 would have been considered to be even higher given the more than 20% higher yield strength of X-52 pipe.

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 5

**THE “SEAMLESS” DESIGNATION FOR SEGMENT 180 IN
PG&E’S GEOGRAPHICAL INFORMATION SYSTEM**

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 5
THE “SEAMLESS” DESIGNATION FOR SEGMENT 180 IN PG&E’S
GEOGRAPHICAL INFORMATION SYSTEM

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1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **CHAPTER 5**
3 **THE “SEAMLESS” DESIGNATION FOR SEGMENT 180 IN PG&E’S**
4 **GEOGRAPHICAL INFORMATION SYSTEM**

5 **A. Introduction**

6 PG&E’s Geographical Information System (GIS) described the pipe that
7 ruptured in Segment 180 as “seamless.” As the Commission is aware, the
8 ruptured pipe was not seamless, but rather had a longitudinally welded seam. In
9 Directive 6, the Commission directs PG&E to (1) provide the date of the
10 transmission of the documents or data to NTSB, (2) provide the date on which
11 PG&E first informed the NTSB of its mistake regarding the seamless pipe at San
12 Bruno, or the date on which NTSB informed PG&E of its mistake, and (3) explain
13 why the data (seamless pipe) was incorrect, and when and how this occurred.
14 PG&E provides the answers to the Commission’s questions below.

15 **B. Discussion**

16 **1. The Date of the Transmission of the Documents or Data to**
17 **NTSB**

18 In the hours following the San Bruno line rupture, and in the midst of
19 PG&E’s emergency response, the NTSB notified PG&E that it would be
20 responding to the event and conducting an investigation. To facilitate its
21 response, the NTSB requested that PG&E provide the pipe specifications of
22 the involved segment as expeditiously as possible. PG&E consulted GIS,
23 from which it could retrieve the requested information without delay. PG&E
24 conveyed the information from GIS to the NTSB within a few hours of the
25 rupture, before PG&E, the NTSB, or any of the other first responders had
26 the opportunity to inspect the ruptured pipe. Thus, while the precise time is
27 not known, PG&E provided the erroneous “seamless” information to the
28 NTSB, along with other accurate information, in the late hours of September
29 9 or the early morning hours of September 10, 2010.

1 On September 12, 2010, the NTSB submitted a written data request to
2 PG&E (NSTB_004-004) requesting copies of the Pipeline Survey Sheets for
3 all of Line 132. PG&E provided the Pipeline Survey Sheets to the NTSB the
4 same day. PG&E provided the Pipeline Survey Sheet for Segment 180 in
5 the form as it existed before the San Bruno accident, i.e., with the erroneous
6 “seamless” designation. See Pipeline Survey Sheet (Attachment #1, PG&E
7 Response to OII Paragraph 6 (“P6-1”). As described in section 2 below,
8 when the Pipeline Survey Sheets were provided to the NTSB, both the
9 NTSB and PG&E were already aware that the longitudinal weld information
10 for Segment 180 was not correct.

11 **2. The Date on Which PG&E First Informed the NTSB of its** 12 **Mistake Regarding the Seamless Pipe at San Bruno, or the** 13 **Date on Which NTSB Informed PG&E of its Mistake**

14 PG&E first responders inspected the accident site during the early
15 morning hours of September 10, 2010. In viewing the ruptured pipe section
16 (which was approximately 100 feet from the pipeline) and the exposed pipe
17 that remained in the ground, PG&E personnel recognized that the pipe
18 contained longitudinal seams. NTSB personnel arrived in San Bruno
19 sometime later the same morning. After an off-site pre-inspection meeting,
20 PG&E and NTSB personnel traveled to and inspected the site together,
21 during which it was evident to the NTSB (as PG&E had previously
22 recognized) that the involved pipe contained a longitudinal seam.

23 Thereafter, as described below, PG&E investigated to attempt to determine
24 the source of the incorrect GIS “seamless” designation for Segment 180.

25 **3. Explain Why the Data (Seamless Pipe) was Incorrect, and** 26 **When and How This Occurred**

27 While the investigation is ongoing, investigation of relevant documents
28 and historical procedures discovered to date lead to the following
29 conclusions regarding how Segment 180 became incorrectly designated in
30 GIS as containing “seamless” pipe.

1 PG&E began development and implementation of GIS in the mid-to-late
2 1990s. During that process, in order to capture a comprehensive
3 informational data base, PG&E utilized multiple sources to populate the data
4 fields associated with pipe specifications. Procedurally, the relevant
5 information was identified in the source documents and then manually
6 entered into GIS, thereby populating the various data fields segment by
7 segment and pipeline by pipeline. The accuracy of the manual data entry
8 into GIS was quality checked in the final step of the process.

9 A foundational source of the pipeline information entered into GIS was
10 Pipeline Survey Sheets. PG&E created Pipeline Survey Sheets in the 1960s
11 and 1970s in accordance with 49 CFR § 192.603(b), which states, "Each
12 operator shall keep records necessary to administer the procedures
13 established under § 192.605." Pipeline Survey Sheets were drawn to scale
14 and presented information regarding the pipe in each segment to which the
15 Pipeline Survey Sheet applied. See Pipeline Survey Sheet (P6-1). PG&E
16 produced Pipeline Survey Sheets for each transmission line. The
17 information used to create the Pipeline Survey Sheets came from original
18 construction records contained in project job files.

19 While not conclusive, the pertinent documents and known historical
20 procedures suggest that, when the Pipeline Survey Sheet that includes
21 Segment 180 was created, PG&E personnel sourced the pipe specification
22 data, in part, from a 1956 journal voucher contained in the Segment 180 job
23 file that identified the pipe as "30" x .375" wt sml." See Journal Voucher (P6-
24 2). This journal voucher was an accounting document used in 1956 to
25 transfer pipe costs to the Segment 180 relocation project from another
26 project involving 30" steel pipe.

27 Although the journal voucher also contained the correct pipe material
28 codes, the person populating the Pipeline Survey Sheet for Segment 180
29 apparently focused on the "sml" notation and interpreted it to mean
30 "seamless" (the acronym for seamless pipe is "SMLS"). The image of the
31 journal voucher and material codes below highlights where the information
32 appeared:

1 From this, PG&E believes that the Pipeline Survey Sheet was incorrectly
2 populated to state that Segment 180 was constructed with 30" x .375" wall
3 thickness seamless pipe. In turn, when GIS was developed many years
4 later, the incorrect "seamless" designation in the Pipeline Survey Sheet was
5 imported into GIS. Because the erroneous information originated from the
6 1956 journal voucher, and the error was introduced into the Pipeline Survey
7 Sheet, the quality control process used during GIS population would not
8 have discovered the error, *i.e.*, the Pipeline Survey Sheet created in the
9 1970s contained incorrect information.

10 Both the 1956 journal voucher and other construction documents in the
11 Segment 180 job file denote the material codes for 30" x .375" wall thickness
12 DSAW pipe (double wrapped and bare).¹ See 6-2; 6-3; 6-4. These material
13 codes are correct; Segment 180 was constructed using DSAW pipe. The
14 Pipeline Survey Sheet, from which GIS was subsequently populated, should
15 have stated that the weld type on Segment 180 was DSAW, consistent with
16 the material codes in the job file documents.

¹ DSAW is the acronym for Double Submerged Arc Welded pipe.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the
Commission's Own Motion into the
Operations and Practices of Pacific Gas and
Electric Company with Respect to Facilities
Records for its Natural Gas Transmission
System Pipelines.

Investigation 11-02-016
(Filed February 24, 2011)

**PACIFIC GAS AND ELECTRIC COMPANY'S
NOTICE OF AVAILABILITY**

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April 18, 2011

**BEFORE THE PUBLIC UTILITIES COMMISSION
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(Filed February 24, 2011)

**PACIFIC GAS AND ELECTRIC COMPANY'S
NOTICE OF AVAILABILITY**

Contemporaneously with the filing of this Notice of Availability, Pacific Gas and Electric Company (PG&E) is filing with the California Public Utilities Commission its Initial Response to the Order Instituting Investigation (OII) 11-02-016 (Initial Response). The Initial Response consists of an introductory pleading, a regulatory history chapter, a chapter providing current PG&E document retention policies, and three additional chapters responding to Paragraphs 1, 5 and 6 of the OII. Together, the attachments to the five chapters supporting PG&E's Initial Response greatly exceed 50 pages. Accordingly, pursuant to Rule 1.9(c) of the Commission's Rules of Practice and Procedure, PG&E is serving this Notice of Availability on all interested parties in lieu of those attachments.

Subject to the completion of a Nondisclosure Agreement (NDA) substantially in the form attached to this Notice of Availability,¹ the attachments to PG&E's Initial Response can be viewed electronically at the following URL: <https://cvg.ctsummation.com>. An NDA is necessary solely because certain attachments in Chapter Two may contain employee names and contact information, which PG&E believes are confidential. After providing a completed NDA to PG&E, a party's designated representatives will be provided with user names and a password that enables those representatives to view the attachments to the Initial Response (and the

¹ See Attachment A.

attachments to all subsequent PG&E responses in this proceeding) in full. Directions for completing and returning the proposed NDA and accessing the attachments to PG&E's Initial Response are included on the attached form.² The proposed NDA was previously circulated to party participants on April 1, 2011.³

Respectfully submitted,

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Date: April 18, 2011

² Attachment B.

³ The City and County of San Francisco has responded to the NDA with proposed revisions. PG&E is evaluating those revisions.

ATTACHMENT A

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the
Commission's Own Motion into the Operations
and Practices of Pacific Gas and Electric Company
with Respect to Facilities Records for its Natural
Gas Transmission System Pipelines.

I.11-02-016
(Filed February 24, 2011)

NONDISCLOSURE AGREEMENT

This Nondisclosure Agreement ("Agreement") is effective this _____ day of _____, 2011,
by and between Pacific Gas and Electric Company ("PG&E") and _____
on behalf of _____ ("Receiving Party").

RECITALS

A. Certain of the information requested to be produced or disclosed by PG&E in the
above-captioned proceeding ("Proceeding") constitutes trade secrets, proprietary, and/or
confidential information ("Confidential Material").

B. PG&E and the Receiving Party believe that this Agreement will facilitate
discovery in the Proceeding and avoid unnecessary law and motion practice.

C. PG&E and the Receiving Party believe that this Agreement will protect legitimate
confidentiality concerns, and preserve their rights.

AGREEMENT

In consideration of the recitals set forth above, PG&E and the Receiving Party agree that
the following terms and conditions shall govern the disclosure and use of Confidential Material
in the context of the Proceeding:

- 1.** For purposes of this Agreement:
 - a.** The term "Commission" means the California Public Utilities Commission.
 - b.** The term "Confidential Material" includes, but is not limited to, information or
documents provided by PG&E in response to the Commission's orders in this proceeding or
discovery requests and designated by PG&E as confidential, including material PG&E has
designated as confidential under the provisions of Public Utilities Code section 583; any copies
of Confidential Material; and any notes of Confidential Material.
 - c.** The term "notes of Confidential Material" includes, but is not limited to, memoranda,
handwritten notes, or any other form of information which copies or discloses all or portions of
Confidential Material.
 - d.** The term "Reviewing Representative" is a person described in paragraph 8 of this
Agreement.

NONDISCLOSURE AGREEMENT

2. This Agreement shall govern all Confidential Material and, notwithstanding any order terminating the Proceeding, shall remain in effect for a period of sixty (60) days after an order concluding or otherwise terminating the Proceeding is no longer subject to judicial review; however, the non-disclosure and confidentiality obligations of Reviewing Representatives, as specified in Appendix A to this Agreement, shall remain in full force and effect for two (2) years after an order concluding or otherwise terminating this Proceeding is no longer subject to judicial review.

3. PG&E may designate as Confidential Material any information or documents that PG&E customarily treats as confidential or proprietary, which are not available to the public, and which, if disclosed freely, would, in PG&E's judgment, adversely affect either its ratepayers or PG&E. Confidential Material also includes information or documents in PG&E's possession that PG&E received from persons who consider the information or documents confidential or proprietary.

4. Confidential Material shall be made available under the terms of this Agreement only to Reviewing Representatives as provided in paragraphs 7 and 8, and, where appropriate, paragraph 9 of this Agreement.

5. Confidential Material shall remain available to the Receiving Party until the date that an order concluding or otherwise terminating the Proceeding is no longer subject to judicial review. Upon written request by PG&E after such date, all Reviewing Representatives shall return to PG&E within thirty (30) days all Confidential Material, including all copies of Confidential Material (except notes of Confidential Material). Even in the absence of such a request, the Receiving Party shall not disclose the Confidential Material except as otherwise provided in this agreement. Within the time period for return of Confidential Material, the Receiving Party shall destroy all notes of Confidential Material, and the Receiving Party shall submit to PG&E an affidavit stating that all Confidential Material, copies thereof, and notes of Confidential Material are being returned to PG&E or have been destroyed in accordance with this Paragraph.

6. Each page of Confidential Material shall be physically and/or electronically marked "Confidential Material" or "Confidential Pursuant to Section 583 of the Public Utilities Code," or marked with words of similar purport. The Receiving Party may make only one (1) copy of Confidential Material without the prior approval of PG&E, which approval shall not be unreasonably withheld. The Receiving Party shall maintain a log of such copies for review by PG&E. All Confidential Material shall be maintained by the Receiving Party in a secure manner. Access to Confidential Material shall be limited to those Reviewing Representatives specifically authorized pursuant to paragraph 8, and, where appropriate, paragraph 9 of this Agreement.

7. Confidential Material shall be treated as confidential by the Receiving Party and by the Reviewing Representatives, in accordance with the Nondisclosure Certificate executed pursuant to paragraph 10 of this Agreement. Confidential Material shall not be used except as necessary for the conduct of the Proceeding and, subject to the limitations specified in paragraph 8, and, where appropriate, paragraph 9, Confidential Material shall not be disclosed in any manner to any person other than a Reviewing Representative who is engaged in the conduct of the Proceeding and who needs to know the information to carry out that person's responsibilities in the Proceeding. The Reviewing Representatives may make notes of Confidential Material, which notes must be maintained in a secure manner pursuant to paragraph 6 of this Agreement.

8. A Reviewing Representative may include: (a) an employee of the Receiving Party who is engaged in the conduct of the Proceeding and who needs to know the information to carry out that person's responsibilities in the Proceeding; (b) an attorney representing the Receiving Party in the Proceeding, including his or her associated attorneys, paralegals, or other employees ("Attorneys"); and (c) an expert or an employee of an expert retained by the Receiving Party for the purpose of advising, preparing for, or testifying in the Proceeding, so long as that expert or employee has not been and is not employed by or otherwise affiliated with the Receiving Party ("Experts"). In the event that the Receiving Party wishes to nominate as a Reviewing Representative a person not described in this Paragraph, the Receiving Party shall obtain the prior written agreement of PG&E.

9. PG&E may identify certain Confidential Material as "Highly Confidential Material" by marking it "Highly Confidential Material. Unless otherwise agreed in writing by PG&E, employees of the Receiving Party shall not be entitled to access to Highly Confidential Material. Access to Highly Confidential Material shall be limited to Attorneys and Experts, and only to the extent they must have access to this material as part of their participation in this Proceeding. PG&E will limit its designation of Highly Confidential Material to information and documents that are especially commercially sensitive. Except for the limited access to Highly Confidential Material specified in this Paragraph, Highly Confidential Material shall otherwise be treated as Confidential Materials subject to provisions and protections of this Agreement.

10. A Reviewing Representative shall not be permitted to inspect, participate in discussions regarding, or otherwise access Confidential Material pursuant to this Agreement unless and until each and every such Reviewing Representative has first executed and delivered to PG&E a Nondisclosure Certificate in the form set forth in Appendix A to this Agreement ("Nondisclosure Certificate"). Attorneys qualified as Reviewing Representatives are responsible for ensuring that all persons under their employment, instruction, supervision or control who require access to Confidential Material comply with this Agreement and execute and deliver to PG&E a Nondisclosure Certificate.

11. A Reviewing Representative may disclose Confidential Material to any other Reviewing Representative, as long as both Reviewing Representatives have executed and delivered a Nondisclosure Certificate to PG&E. In the event that any Reviewing Representative to whom Confidential Material is disclosed ceases to be engaged in the Proceeding or is employed or retained for a position whereby that person is no longer qualified to be a Reviewing Representative under paragraphs 7 and 8, and, where appropriate, paragraph 9, of this Agreement, such person shall no longer be permitted access to Confidential Material and must comply with the return and destruction requirements of paragraph 5 of this Agreement. Every person who has signed and delivered a Nondisclosure Certificate shall continue to be bound by the provisions of this Agreement and the Nondisclosure Certificate, even if such person is no longer engaged in the Proceeding.

12. If the Receiving Party intends to submit or use in the Proceeding any Confidential Material such that the submission or use would result in a public disclosure of such Confidential Material, including, without limitation, the presentation of prepared testimony, cross-examination, briefs, comments, protests, or other presentations before the Commission, counsel for the Receiving Party shall communicate with counsel for PG&E as soon as possible and, where practicable, not later than five (5) business days prior to such use, and both counsel shall constructively explore means of identifying the Confidential Material so that the confidentiality thereof may be reasonably protected (including, but not limited to, submission of testimony and briefs under seal, and clearing the hearing room during examination, discussion, or argument concerning Confidential Material), while at the same time enabling an effective presentation. If PG&E and the Receiving Party are unable to agree upon a procedure to protect

the confidentiality of the Confidential Material, the Receiving Party shall request an order from the principal hearing officer in the Proceeding, and PG&E reserves the right to oppose the Receiving Party's request. Except as expressly provided for herein, no use may be made of Confidential Material that would fail to protect its confidentiality without such an order from the principal hearing officer.

13. The principal hearing officer retains the discretion to review and evaluate the facts and circumstances involved in any proposed use of Confidential Material in Commission hearings, and the flexibility to respond in whatever manner is most appropriate under the circumstances, including the holding of in camera hearings.

14. Nothing in this Agreement shall be construed as precluding PG&E from objecting to the use at hearings of Confidential Material on any legal grounds, including any applicable privilege.

15. To the extent that Confidential Material is discussed, analyzed or otherwise the subject of consideration during any conference or other session held in connection with the Proceeding, only Reviewing Representatives may be present for such sessions.

16. The Receiving Party agrees that any release, attempted release, or use of Confidential Material or Highly Confidential Material other than as contemplated by this Agreement may cause PG&E irreparable injury which cannot adequately be compensated through pecuniary damages. Accordingly, PG&E and the Receiving Party agree that any breach or threatened breach of this Agreement may be enjoined.

17. The Receiving Party covenants and agrees that the Receiving Party will establish and maintain good and sound safeguards, to protect against the destruction, loss, disclosure or alteration of Confidential Material and Highly Confidential Material in the possession of Receiving Party, which safeguards shall be at least as good and sound as the safeguards Receiving Party utilizes for its own most confidential and sensitive data and shall in no event be less than reasonable safeguards. Receiving Party further covenants and agrees that, if Receiving Party, its personnel discover or are notified of a breach or potential breach of security relating to Confidential Material and Highly Confidential Material, Receiving Party shall immediately notify PG&E of such breach or such potential breach and whether the applicable Confidential Material or Highly Confidential Material was in the possession of Receiving Party at the time of such breach or potential breach. In addition, Receiving Party shall immediately: (i) investigate such breach or such potential breach, (ii) inform PG&E of the results of such investigation, and (iii) assist PG&E in maintaining the confidentiality of such Confidential Material or Highly Confidential Information.

18. The Receiving Party will indemnify, defend, and hold harmless PG&E, PG&E affiliates, and PG&E's and PG&E affiliates' respective directors, officers, employees, contractors, agents, successors and assigns (collectively, the "PG&E Indemnitees") from and against any and all claims, damages, costs, losses, expenses (including reasonable attorneys' fees and court costs) and liabilities (including settlements) brought or asserted by any third party against the PG&E Indemnitees, related to, resulting from or arising out of any claim: (a) based upon the breach or alleged breach of Receiving Party's representations, warranties and covenants contained in this Agreement; (b) the disclosure of Confidential Material or Highly Confidential Material.

19. Failure to designate information or documents as Confidential Material prior to disclosure shall not be deemed a waiver in whole or in part of PG&E's claim of confidentiality, and PG&E shall have the right to designate or re-designate such information and documents at

any time. Upon receipt of notice from PG&E of any new designation or re-designation, the Receiving Party thereafter shall treat said information or documents according to the new designation or re-designation, and/or will endeavor to return all copies of any newly designated or re-designated documents to PG&E in exchange for copies of the documents with the new designation.

20. The inadvertent disclosure of any information or documents which are subject to a claim of work product, the attorney-client privilege or other legal protection shall not waive the protection for such information or documents as long as PG&E requests their return and takes reasonable precautions to avoid such inadvertent disclosure. Upon written request, the Receiving Party shall return to PG&E any such protected information or documents inadvertently disclosed, together with all copies and any notes pertaining thereto.

21. This Agreement shall be governed and construed according to the laws of the State of California.

22. This Agreement sets forth the complete understanding of the parties hereto with respect to the subject matter hereof as of the date set forth above. This Agreement supersedes any prior understandings, discussions, or course of conduct (oral and written). Any modification or waiver of the provisions of this Agreement must be written, must be executed by both PG&E and the Receiving Party, and shall not be implied by any usage of trade or course of conduct.

23. This Agreement may be executed in separate counterparts by PG&E and the Receiving Party, each of which shall be fully effective as to the party executing it.

24. The principal hearing officer in the Proceeding shall resolve any disputes arising from this Agreement. Prior to presenting any dispute arising from this Agreement to the principal hearing officer, PG&E and the Receiving Party shall use their best efforts to resolve the dispute.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date entered below on behalf of PG&E and the Receiving Party.

PACIFIC GAS AND ELECTRIC COMPANY

RECEIVING PARTY

Dated: April, 2011

Dated: _____

By: /s/ Lise H. Jordan
LISE H. JORDAN

Signature: _____

Name: _____

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Title: _____

Company/Firm: _____

Representing (name of party): _____

Attorney for
PACIFIC GAS AND ELECTRIC COMPANY

NONDISCLOSURE AGREEMENT

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the
Commission's Own Motion into the Operations
and Practices of Pacific Gas and Electric Company
with Respect to Facilities Records for its Natural
Gas Transmission System Pipelines.

I. 11-02-016

NONDISCLOSURE CERTIFICATE

I certify my understanding that access to Confidential Material is provided to me pursuant to the terms and restrictions of the Nondisclosure Agreement ("Agreement") for use in the above-captioned proceeding. I have been given a copy of and have read the Agreement and agree to be bound by it. I understand that the contents of Confidential Material and Highly Confidential Material (if I may have access to such material as provided in paragraph 9 of the Agreement), including any notes or memorandum or other form of information which copy or disclose such material, shall not be disclosed to anyone other than in accordance with the Agreement and shall be used only for the purpose of the above-captioned proceeding. I agree to honor the confidentiality of Confidential Material and Highly Confidential Material for two (2) years following the conclusion or termination of this proceeding as specified in the Agreement.

Dated: _____

Signature: _____

Name: _____

Title: _____

Company/Firm: _____

Representing (name of party): _____

Business Address: _____

Business Phone: _____

Business Fax: _____

Email: _____

NONDISCLOSURE AGREEMENT

ATTACHMENT B

ATTACHMENT B
INSTRUCTIONS FOR PARTIES TO ACCESS
ATTACHMENTS TO PG&E'S INITIAL RESPONSE

Please use the following steps to access the attachments referred to in PG&E's Initial Response:

- To receive access to an online repository containing the original documents:
 - Review and sign the NonDisclosure Agreement and NonDisclosure Certificate attached to the Notice of Availability.
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CERTIFICATE OF SERVICE

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is 77 Beale Street, San Francisco, California 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On April 18, 2011, I served a true copy of:

**PACIFIC GAS AND ELECTRIC COMPANY'S INITIAL
RESPONSE (PUBLIC VERSION) AND PACIFIC GAS AND
ELECTRIC COMPANY'S NOTICE OF AVAILABILITY**

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for **I.11-02-016** with an e-mail address.

[XX] By U.S. Mail – by placing the enclosed for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service list for **I.11-02-016** without an e-mail address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed in San Francisco, California on April 18, 2011.

/S/

Tauvela U'u